

PHASE 4 PUBLIC SECTOR DECARBONISATION SCHEME GRANT OFFER LETTER

Ian Boll
Corporate Director Communities
Cherwell District Council
Bodicote House
Oxfordshire
OX15 4AA

07/03/2025

Dear Ian,

Phase 4 PSDS Grant Offer Letter

1. The Department for Energy Security and Net Zero (The Department) has made funding available to enable Salix Finance to provide you (the “**Recipient**”) with a grant of up to £1,099,862.00 to assist you in carrying out your low carbon heating project.
2. The following schedules are included as part of this Grant Offer Letter:
 - Schedule 1 – Terms and Conditions
 - Schedule 2 – Specific Conditions
 - Schedule 3 – Project Programme and Expenditure Forecast
 - Schedule 4 – Monthly Monitoring Report
 - Schedule 5 – Payment Request
 - Schedule 6 – Specimen Signatures
 - Schedule 7 – Phase 4 PSDS Application declarations
 - Schedule 8 – Requirements related to the Consortium (where relevant)
 - Schedule 9 – Subsidy Control (where relevant)
3. We are writing to acknowledge receipt of your application for the Grant, a copy of the approved assessed application form, and to provide you with an offer of grant funding. Terms defined in this Grant Offer Letter have the same meanings as defined in the attached Terms and Conditions.

4. The key details of the Grant are as follows:

Name of Recipient	Cherwell District Council
Project Name	Cherwell District Council - Decarbonisation of various Council Buildings
Submission ID	59995
Amount of Grant (Year 1) - 2025/26	£721,877.00
Amount of Grant (Year 2) - 2026/27	£250,000.00
Amount of Grant (Year 3) - 2027/28	£127,985.00
Total Project Value	£1,450,773.40
Minimum Recipient Contribution	24.19%
Minimum Recipient Contribution £	£350,911.40
Grant Carbon Cost (£/tCO2e)	£326.71
Expected Practical Completion Date	28/02/2028
Grant Start Date	01/04/2025 or Date GOL is countersigned and returned to Salix, whichever date is later
Grant End Date	31/03/2028

5. You must appoint a person (the “**Authorising Official**”) who will be responsible for ensuring that you use the Grant in compliance with the attached Terms and Conditions.
6. Grant recipients can only claim for funding incurred after the Grant Start Date.
7. The signature of the Authorising Official is to be inserted at Schedule 6.
8. In communicating with Salix, your contact is Justin Morris, justin.morris@salixfinance.co.uk.
9. The provision of the Grant is subject to the Terms and Conditions set out in this Grant Offer Letter and the attached schedules, including the Terms and Conditions attached at Schedule 1. The Grant is being provided to you on the understanding that you agree to deliver the Project and agree to comply with the Terms and Conditions set out in this Grant Offer Letter and the attached schedules.
10. If you wish to accept the offer of grant funding upon the terms set out in this Grant Offer Letter and the attached schedules, please countersign this letter within 10 business days and return the original to us. If you fail to countersign this letter within 10 business days of receipt of this letter, the offer of grant funding shall expire.

.....
Authorised Signatory

.....
Date

.....
Print Name

For and on behalf of Salix Finance Limited

We hereby accept the offer of grant funding upon the terms set out in this Grant Offer Letter and the attached schedules.

.....
Authorised Signatory

.....
Date

.....
Print Name

.....
Job Title

For and on behalf of Cherwell District Council

Schedule 1: Terms and Conditions

Phase 4 Public Sector Decarbonisation Scheme Terms and Conditions

These terms and conditions will govern the relationship between Salix Finance Limited, a company incorporated in England and Wales with company number 05068355 and whose registered office is at 10 South Colonnade, Canary Wharf, London, E14 4PU (**Salix**) the Recipient in connection with the provision of the Public Sector Decarbonisation Scheme (PSDS) Grant by Salix to the Recipient.

These terms and conditions shall apply to and be incorporated into the Grant Offer Letter and should be read in conjunction with the Grant Offer Letter. These terms and conditions, the Grant Offer Letter and its schedules shall together constitute the **Agreement**.

1. Definitions and interpretation

1.1. In these terms and conditions, the following terms shall have the following meanings:

Authorising Official: the person appointed by the Recipient, and whose identity is approved by Salix, who is responsible for ensuring that the Recipient uses the Grant in compliance with the Agreement and who has the authority to sign official and legal information.

Bribery Act: the Bribery Act 2010 and any subordinate legislation made under that Act or any successor legislation from time to time together with any guidance or codes of practice issued by the relevant government department concerning the legislation.

Building Contract: the contract to design and/or complete the design of and build the Project.

Business Day: a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business in London.

Change of Control: means the sale of all or substantially all the assets of a party to the Agreement; any merger, consolidation or acquisition of a party to the Agreement with, by or into another corporation, entity or person, or any change in the ownership of more than fifty percent (50%) of the voting capital stock of a party to the Agreement in one or more related transactions.

Consortiums: An association of two or more eligible organisations applying for Public Sector Decarbonisation Scheme funding under one application. All members must comply with the organisation and building eligibility criteria. Consortium applications must disclose the terms of the consortium by completing the Consortium Documentation tab in the Application Form.

Dangerous Substance: any radioactive emission, noise or natural or artificial substance (whether in the form of a solid, liquid, gas or vapour, including any controlled, special, hazardous, toxic, radioactive or dangerous substance or waste), the generation, transportation, storage, treatment, use or disposal of which (whether alone or in combination with any other substance) gives rise to a risk of causing harm to any living organism or damaging the Environment or public health or welfare.

Data Protection Legislation: all applicable data protection legislation and privacy legislation in force from time to time in the UK including the GDPR; the Data Protection Act 2018 and the Privacy and Electronic Communications Regulations 2003 (SI 2003/2426); and all other legislation and regulatory requirements in force from time to time which apply to a party relating to the use of Personal Data and the privacy of electronic communications.

Deleterious Material: any material, equipment, product or kit that is generally accepted, or generally suspected, in the construction industry at the relevant time as:

- (a) posing a threat to the health and safety of any person;
- (b) posing a threat to the structural stability, performance or physical integrity of the Project, or any part or component of the Project;
- (c) reducing, or possibly reducing, the normal life expectancy of the Project or any part or component of the Project; or
- (d) not being in accordance with any relevant British standard, relevant code of practice or good building practice.

The Department: the Department for Energy Security & Net Zero (and its successors, assigns and transferees).

Distribution Network Operator: A licensed company that owns, operates and develops the electrical distribution network that connects the high voltage transmission grid to end users.

Eligible Expenditure: the expenditure incurred, or to be incurred, by the Recipient during the Grant Period for the purposes of delivering the Project in accordance with the Project Programme, Grant Application and the Agreement, and which comply in all respects with the eligibility rules set out in Clause 5 of these Terms and Conditions.

Environment: the natural and man-made environment including all or any of the following media, namely air, water and land (including air within buildings and other natural or man-made structures above or below the ground) and any living organisms (including man) or systems supported by those media.

Environmental Law: all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and guidance notes insofar as they relate to or apply to the Environment.

Evidence of Need: such evidence requested by Salix which Salix considers, in its absolute discretion, provides it with a sufficient level of assurance to demonstrate that the Grant will be used for Eligible Expenditure.

Final Commissioning: The integrated application of a set of engineering techniques and procedures to check, inspect and test every operational component of the project: from individual functions (such as instruments and equipment) up to complex amalgamations (such as modules, subsystems and systems). Commissioning activities in the broader sense are applicable to all phases of the project from the basic and detailed design, procurement, construction and assembly until the final handover of the unit to the owner, sometimes including an assisted operation phase.

UK GDPR: as defined in section 3(10) of the Data Protection Act 2018 (DPA 2018), supplemented by section 205(4)).

Governing Body: the governing body of the Grantee including its directors or trustees.

Grant: the sum specified in the Grant Offer Letter, to be paid to the Recipient in accordance with the Agreement.

Grant Application: the application for the Grant, submitted by the Recipient to Salix, which incorporates the Grant Application Support Notes, a copy of which is attached at Schedule 7 to the Grant Offer Letter.

Grant Application Support Notes: any notes or documentation supporting the Recipient's application for the Grant.

Grant End Date: the date referred to as the 'Grant End Date' in the Grant Offer Letter.

Grant Offer Letter: the letter from Salix to the Recipient, setting out the basis upon which the Grant will be provided to the Recipient.

Grant Period: the period for which the Grant is awarded starting on the Grant Start Date and ending on the Grant End Date.

Grant Start Date: the date referred to as the 'Grant Start Date' in the Grant Offer Letter.

Intellectual Property Rights: all patents, copyrights and design rights (whether registered or not) and all applications for any of the foregoing and all rights of confidence and Know-How however arising for their full term and any renewals and extensions.

Know-How: information, data, know-how or experience whether patentable or not and including but not limited to any technical and commercial information relating to research, design, development, manufacture, use or sale.

Like-for-Like Costs: all the costs incurred should the existing heating plant be replaced with a typical fossil fuel heating plant of the same type and size. In most cases this will be equivalent to the costs of replacing the existing system with a conventional non-domestic boiler.

Measures: the individual items of design, construction or other building works which are necessary to achieve Practical Completion, as contained within the Project Programme.

Minimum Recipient Contribution: All applications must be contributing a minimum of 12% of total final project value. If the like-for-like cost is greater than the 12% of the total project value, then the recipient will need to provide further funding to match the equivalent of the like-for-like costs.

Necessary Consents: any planning permission required for the Project, any environmental licences and any other authorisation under any other statute, bye-law or regulation of any competent authority that is reasonably necessary to enable the works on the Project to be lawfully commenced, carried out or completed.

Payment Date(s): the date or dates on which a Grant is made or is to be made.

Payment Request: a request for payment of a Grant, or part of a Grant, in the form set out at Schedule 5 (Payment Request) to the Grant Offer Letter.

Personal Data: shall have the same meaning as set out in the Data Protection Legislation.

Practical Completion: the date on which the certificate of practical completion (or the equivalent evidence of practical completion of works) of the Project is properly issued in accordance with the terms of the Building Contract.

Procurement Regulations: the Public Contracts Regulations 2015, Concession Contracts Regulations 2016, Defence Security Public Contracts Regulations 2011 and the Utilities and Contracts Regulations 2016 together with their amendments, updates and replacements from time to time.

Prohibited Act:

- (a) offering, giving or agreeing to give to any servant of the Crown any gift or consideration of any kind as an inducement or reward for:
 - (i) doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of the Agreement or any other contract with the Crown; or
 - (ii) showing or not showing favour or disfavour to any person in relation to the Agreement or any other contract with the Crown;
- (b) committing any offence:
 - (i) under the Bribery Act;
 - (ii) under legislation creating offences in respect of fraudulent acts; or
 - (iii) at common law in respect of fraudulent acts in relation to the Agreement or any other contract with the Crown; or
 - (iv) defrauding or attempting to defraud or conspiring to defraud the Crown.

Project: the project or projects operated by the Recipient to assist in the reduction of energy use or the switch to, or enabling works in preparation for, a cleaner heat source, as set out in the Grant Application and as described in the Grant Offer Letter.

Project Programme: the detailed timetable for delivery and completion of the Project including a breakdown of the Measures and the cost of such Measures, as set out in Schedule 3 (Project Programme) to the Grant Offer Letter.

Project Start Date: the date upon which works on the Project are to commence, as specified in the Grant Offer Letter.

Public Sector Body: anybody within England and that is a 'public authority' as defined by the Procurement Act 2023. A 'public authority' is a organisation either wholly or mainly funded out of public funds, or subject to public authority oversight, and does not operate on a commercial basis.

Recipient: the person named as such in the Grant Offer Letter.

Retention Costs: a sum of money held by the employer as a safeguard for any defective or non-conforming work by the contractor, to provide security against the contractor's failure to complete any outstanding work, remedy any defects or damage, and in respect of any other liability of the contractor to the employer. It is usually a percentage of the total payment, and is held until the contract is fulfilled and the employer is satisfied with the work.

Special Purpose Vehicles (SPVs): are separate legal entities created to fulfil narrow, specific or temporary objectives. A formal definition is 'The Special Purpose Vehicle is a fenced organisation having limited pre-defined purposes and legal personality'. A Public Sector Body may decide to set up an SPV with the sole/primary objective to aid in the delivery of projects. This must be disclosed at the stage that an application is made for grant funding and specific evidence to support claims will be requested. SPVs may also be referred to as subsidiaries, and for the purpose of these terms and conditions are one and the same.

Specific Conditions: any specific conditions set out at Schedule 2 (Specific Conditions) to the Grant Offer Letter.

Terms and Conditions: these terms and conditions.

UK GDPR: the retained EU law version of the General Data Protection Regulation ((EU) 2016/679) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as amended by Schedule 1 to the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019 (SI 2019/419).

VAT: value added tax payable by virtue of the Value Added Tax Act 1994 and any similar tax from time to time in addition to it, replacing it or performing a similar fiscal function.

- 1.2. In the event of any inconsistency between the Grant Offer Letter and these Terms and Conditions, the provisions of the Grant Offer Letter shall prevail. In the event of any inconsistency between these Terms and Conditions and any Specific Conditions, the provisions of the Specific Conditions shall prevail.
- 1.3. Headings do not affect the interpretation of these Terms and Conditions.
- 1.4. Any reference to Salix in these Terms and Conditions includes references to its successors, transferees or assignees.
- 1.5. A reference to a law is a reference to it as it is in force for the time being taking account of any amendment, extension, application or re-enactment and includes any subordinate legislation for the time being in force made under it.
- 1.6. A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.7. A reference to a Clause is a reference to a clause of these Terms and Conditions.
- 1.8. Unless the context otherwise requires, words in the singular shall include the plural and in the plural include the singular.
- 1.9. Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

2. Purpose of Grant

- 2.1. The Recipient shall use the Grant only for the delivery of the Project in accordance with the Project Programme, the Grant Application and the Agreement. The Grant shall not be used for any other purpose without the prior written agreement of Salix.
- 2.2. The Recipient shall not make any significant change to the Project, or the Project Programme without Salix's prior written agreement issued in a grant amendment letter. Salix cannot guarantee payment for any significant changes made prior to this written agreement.
- 2.3. The Grant is being provided to the Recipient in consideration for the Recipient agreeing to deliver the Project and agreeing to comply with the Agreement.

3. Payment of the Grant

- 3.1. Subject to Clause 17 of these Terms and Conditions, Salix shall pay an amount not exceeding the Grant awarded in each financial year to the Recipient in instalments in the amounts and on the Payment Dates set out in the Project Programme, subject to:
 - 3.1.1. the Recipient providing Salix with Evidence of Need;

- 3.1.2. the Evidence of Need demonstrating that the Eligible Expenditure was incurred in the financial year it is being claimed.
- 3.1.3. the Evidence of Need demonstrating that the Eligible Expenditure was incurred by the Recipient prior to the Payment Request.
- 3.1.4. the necessary funds being made available to Salix from the Department when payments fall due;
- 3.1.5. Salix receiving a completed Payment Request signed by the Authorising Official on behalf of the Recipient no later than 21 Business Days before the proposed Payment Date;
- 3.1.6. Salix receiving all documents and information, clearly outlining and itemising costs incurred at each location, which it may, in its absolute discretion, request from the Recipient; Salix receiving all documents and information which it may, in its absolute discretion, request from the Recipient;
- 3.1.7. the further conditions precedent that on each Payment Date:
 - (a) Salix is satisfied, in its absolute discretion, that the confirmations provided by the Authorising Official on behalf of the Recipient in the Payment Request are true and accurate;
 - (b) Salix is satisfied, in its absolute discretion and subject to Clause 3.6 below, that the remaining Grant to be provided is sufficient to meet the remaining costs required for delivery of the Project in accordance with the Project Programme;
 - (c) Salix is satisfied, in its absolute discretion and where relevant, the Recipient has provided Salix the evidence needed to meet any Specific Conditions which have a due date prior to the date of the Payment Request; and
 - (d) Salix is satisfied that all Specific Conditions are resolved prior to the Recipient requesting the final Payment Request;
- 3.2. The Recipient agrees and accepts that payments of the Grant can only be made to the extent that Salix has been provided with available funds by the Department.
- 3.3. No Payment Request shall be submitted before the Grant Start Date.
- 3.4. No Payment will be made for Eligible Expenditure undertaken after the Grant End Date unless it is to fund Final Commissioning, Distribution Network Operator works or Retention costs, and this has previously been agreed by Salix in writing.
- 3.5. No Grant shall be paid unless and until Salix is satisfied that such payment will be used for Eligible Expenditure.
- 3.6. In the event of any overspend by the Recipient in its delivery of the Project outside of the sums set out in the Project Programme, or awarded in each financial year, the amount of such overspend shall be met by the Recipient from its own funds unless Salix, in its absolute discretion, agrees to reduce the Measures so as to ensure that the remaining Grant is sufficient to meet the remaining costs required for delivery of the Project.
- 3.7. The Grant shall be paid into a bank account in the name of the Recipient, the details of which shall be notified to Salix prior to the first Payment Request, which must be an ordinary business bank account. The Grant will not be paid directly to any Special Purpose Vehicles or subsidiaries, as defined in these terms and conditions, established by the grant recipient.

- 3.8. The Recipient shall not transfer any part of the Grant to bank accounts which are not ordinary business accounts within the clearing bank system, without the prior written consent of Salix.
- 3.9. The Recipient shall promptly repay to Salix any money incorrectly paid to it either as a result of an administrative error or otherwise. This includes (without limitation) situations where either an incorrect sum of money has been paid or where Grant monies have been paid in error before all conditions attaching to the Grant have been complied with by the Recipient.
- 3.10. The Recipient is to provide satisfactory evidence to Salix demonstrating that the Recipient has contributed the Minimum Recipient Contribution towards the delivery of the Project. This is to be done prior to final Payment Request unless prior written consent has been provided by Salix of a waiver.
- 3.11. The Recipient will inform Salix if and when any Retention have been made to their contractors if applicable and follow Salix instructions should any Retention not be paid.
- 3.12. The final payment will be a minimum of 10% of the funding awarded in the final year of the grant unless prior written consent has been provided by Salix.

4. Use of the Grant

- 4.1. The Grant shall be used by the Recipient for the delivery of the Project in accordance with the Project Programme, the Grant Application and in accordance with the Agreement. For the avoidance of doubt, the amount of the Grant that the Recipient may spend on any item of Eligible Expenditure listed in the Project Programme shall not, without prior written agreement of Salix, exceed the forecasted amounts as listed in the Project Programme.
- 4.2. The Recipient shall not use the Grant to or in respect of:
 - 4.2.1. make any payment to members of its Governing Body;
 - 4.2.2. purchase buildings or land;
 - 4.2.3. pay for any expenditure commitments of the Recipient entered into before the Grant Start Date, unless this has been approved in writing by Salix; and/or
 - 4.2.4. financial instruments, i.e. engaging in a contract, agreement or any obligation giving rise to an asset and liability relationship including (not an exhaustive list) surety bonds and hedges and any relevant instrument as defined in Article 3 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and any other applicable law of guidance.
- 4.3. The Recipient shall not spend any part of the Grant on the delivery of the Project after the Grant Period, unless clause 3.4 applies.
- 4.4. Should any part of the Grant remain unspent at the end of the Grant Period or should any part of the Grant be provided for items of Eligible Expenditure which subsequently cost less than forecasted in the Project Programme, the Recipient shall, unless otherwise agreed in writing by Salix, ensure that any unspent monies are returned to Salix.
- 4.5. Where the Recipient enters into a contract with a third party in connection with the Project, the Recipient will remain responsible for paying that third party. Salix has no responsibility for paying the invoices of third parties.
- 4.6. Onward payment of the Grant and the use of sub-contractors shall not relieve the Recipient of any of its obligations under the Agreement.

- 4.7. Any liabilities arising at the end of the Project, and which are not otherwise incorporated within the Project Programme, including but not limited to any redundancy liabilities for staff employed by the Recipient to deliver the Project, must be managed and paid for by the Recipient using other resources of the Recipient and not using the Grant. There will be no additional funding available from Salix for this purpose.

5. Eligibility Rules

- 5.1. Salix will only pay the Grant in respect of Eligible Expenditure incurred by the Recipient to deliver the Project and the Recipient will use the Grant solely for delivery of the Project in accordance with the Project Programme.
- 5.2. The only costs/payments that will be classified as Eligible Expenditure are those specific items of expenditure set out in the Project Programme.
- 5.3. Notwithstanding any items of expenditure set out in the Project Programme, the Recipient may not use the Grant to meet any of the following payments:
- 5.3.1. paid for lobbying, which means using the Grant to fund lobbying (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, government or political activity; or attempting to influence legislative or regulatory action;
 - 5.3.2. using the Grant to directly enable one part of government to challenge another on topics unrelated to the agreed purpose of the Grant;
 - 5.3.3. using the Grant to petition for additional funding;
 - 5.3.4. expenses such as for entertaining, specifically aimed at exerting undue influence to change government policy;
 - 5.3.5. input VAT reclaimable by the Recipient from HMRC;
 - 5.3.6. payments for activities of a political or exclusively religious nature;
 - 5.3.7. contributions in kind;
 - 5.3.8. interest payments or service charge payments for finance leases;
 - 5.3.9. gifts;
 - 5.3.10. entertaining (meaning anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);
 - 5.3.11. statutory fines, criminal fines or penalties, civil penalties, damages or any associated legal costs;
 - 5.3.12. costs incurred in giving evidence to Parliamentary Select Committees;
 - 5.3.13. costs incurred in attending meetings with government ministers or civil servants to discuss the progress of the Project;
 - 5.3.14. costs incurred in responding to public consultations or costs incurred in lobbying other people to respond to any such consultation;
 - 5.3.15. costs incurred in providing independent evidence-based advice to local or national government as part of the general policy debate;

- 5.3.16. payments for works or activities which the Recipient has a statutory duty to undertake, or that are fully funded by other sources;
- 5.3.17. bad debts to related parties;
- 5.3.18. payments for unfair dismissal or other compensation;
- 5.3.19. depreciation, amortisation or impairment of assets owned by the Grant Recipient; and/or
- 5.3.20. liabilities incurred before the Grant Start Date unless expressly included in the Project Programme.
- 5.3.21. any payment for costs a SPV, Subsidiary or third party will incur outside of the Grant Period, with the exception of Distribution Network Operator, retention and commissioning costs.

6. Authorising Official

- 6.1. The Recipient must appoint an Authorising Official who is responsible for ensuring that the Recipient uses the Grant in compliance with the Agreement.
- 6.2. The identity of the Authorising Official must be approved by Salix prior to the commencement of the Project, and the identity of such person shall not change during the Grant Period without the prior written consent of Salix.
- 6.3. The Authorising Official will be responsible for ensuring all members of a consortium comply with the terms set out in schedule 8 of the Grant Offer Letter.
- 6.4. The Authorising Official must:
 - 6.4.1. maintain oversight of the Recipient's use of the Grant and safeguard, control and ensure the efficient, economical and effective management of the Grant;
 - 6.4.2. advise the Recipient on the discharge of the Recipient's responsibilities under the Agreement;
 - 6.4.3. ensure that principles of probity, robust governance, transparency and value for money are maintained at all times in relation to the utilisation of the Grant;
 - 6.4.4. be responsible for signing each Payment Request;
 - 6.4.5. ensure that conflicts of interest are avoided; and
 - 6.4.6. be responsible for informing Salix with immediate effect, in the event of long absence or leaving the organisation, by providing the name and contact information for the delegated authority or a replacement Authorising Official.

7. Covenants

- 7.1. In consideration of the Grant being given, the Recipient undertakes to Salix:
 - 7.1.1. Not to use the Grant otherwise than in respect of the Project, not to use the Grant in a way that does not comply with subsidy control rules in the United Kingdom (where relevant – refer Clause 10), to subsidise any economic activity, and, in particular, not to use the Grant to generate revenue or capital gain, or to make any of the payments set out in Clause 5.3;
 - 7.1.2. that it will respond fully, promptly and truthfully (to the best of its knowledge) to any enquiries that Salix may make about the Project and/or use of the Grant within 10 working days of receipt;

- 7.1.3. to ensure that the works on the Project are completed, and the design, construction and development of the Project is undertaken, in a proper and workmanlike manner, using materials of good quality which are fit for their respective purposes, and in accordance with:
- (a) the Project Programme and Grant Application;
 - (b) the Necessary Consents and all applicable authorisations and laws;
 - (c) the Building Contract and any other contracts and agreements relating to the completion of the Project.
- 7.1.4. that it shall properly and diligently monitor the work on the Project during the Grant Period, and for such period after Practical Completion as Salix shall reasonably specify, to ensure that the Grant is being used appropriately and the Project continues to produce, or will in the future produce, the energy savings and CO2 reductions envisaged and agreed with Salix;
- 7.1.5. that it shall keep a full, accurate and proper auditable record of the progress of the Project, including all Eligible Expenditure and other costs incurred in relation to the Project and the present and future effectiveness of the Project in delivering energy savings and CO2 reductions, and shall provide such information, evidence and assistance as is reasonably required, and in such form as specified, by Salix or the Department including, but not limited to, any information relating to the amount of CO2 savings and cost effectiveness of such savings expected to be attained during and after Practical Completion of the Project.
- 7.1.6. where reasonably specified by Salix, it shall ensure that any information or evidence provided under the Agreement is audited by an identified and independent reporting accountant or otherwise confirmed or verified by a person of such other relevant expertise;
- 7.1.7. that it shall not create, or permit to subsist any mortgage, charge (whether floating or specific), pledge, lien or other security interest on any of its undertaking, property or assets comprised or utilised in the Project without prior notification to Salix.
- 7.1.8. that it will ensure at all times that it has appropriate auditing arrangements in place in relation to the Grant and its use, which shall include, but shall not be limited to, keeping and maintaining full and accurate records and evidence of the use of the Grant, including expenses defrayed, and of any third parties indirectly benefitting from the Grant, in particular contractors, manufacturers and installers of equipment installed as part of the Project;
- 7.1.9. that it will ensure that no Dangerous Substance has been deposited, disposed of, kept, treated, processed, manufactured, used, collected, sorted or produced at any time, or is present in the Environment, in connection with the Project in circumstances that are likely to result in a breach of Environmental Law;
- 7.1.10. that it will ensure that no professional engaged on the Project has specified or used anything in the work on the Project that, at the time of specification or use, was a Deleterious Material;
- 7.1.11. that it will retain the records maintained under Clause 7.1.5 for a period of not less than six years from the Grant End Date and shall allow Salix (and where necessary the Department) access to such records;
- 7.1.12. that it will provide Salix with any updated information and documentation relating to the cost of delivering the Project, the expected energy savings and CO2 reduction and any expected or anticipated changes required to the Measures or Project Programme, as soon as it becomes aware of the same;

- 7.1.13. that all estimates, forecasts and projections provided by the Recipient, or on its behalf, to Salix in connection with the Project or the Project Programme have been prepared with due care and skill, are based on information known to it and reasonably expected to be relevant, and are subject only to such assumptions and qualifications as are expressly made;
- 7.1.14. to cause Practical Completion to occur by no later than the Grant End Date and otherwise in accordance with the Project Programme and Grant Application;
- 7.1.15. that if during the Grant Period the Practical Completion is expected to occur after the Grant End Date, that the costs incurred after the Grant End Date shall be met by the Recipient from its own funds, with written consent from Salix;
- 7.1.16. that it will comply with any Specific Conditions; that it will provide Salix the evidence requested to resolve the Specific Conditions in the time specified set out in Schedule 2;
- 7.1.17. that it will maintain or cause to be maintained in full force and effect adequate insurances in respect of all its assets comprised or utilised in the Project against all risks and contingencies;
- 7.1.18. that it will ensure that all professional consultants and/or contractors involved in carrying out works on the Project hold and maintain appropriate professional indemnity insurance cover in relation to the services carried out or to be carried out and that the Recipient obtains copies of the relevant certificates;
- 7.1.19. that it will contribute funding equivalent to either the cost of the Minimum Recipient Contribution and any other costs identified outside the Grant that are submitted as part of the Grant Application and awarded Grant.
- 7.1.20. The total project costs are inclusive of any costs in compliance with the Phase 4 scheme criteria including those incurred whenever Eligible Expenditure exceeds the Grant value as stated in the Agreement The Like-for-Like Cost of replacing the fossil fuel heating plant is defined as all the costs incurred should the existing heating plant be replaced with a typical fossil fuel heating plant of the required type and size.

8. Accounts and records

- 8.1. The Recipient shall keep accurate and up-to-date accounts and records of the receipt and expenditure of the Grant monies received by it. The Grant Recipient will account for the grant funding within a dedicated project cost code in their accounting system, separate from other sources of income or expenditure.
- 8.2. The Recipient will operate the equipment installed through the project in the manner intended and in line with the carbon savings calculations submitted to Salix.
- 8.3. The Recipient shall ensure that all its sub-contractors and, where relevant, consortium members retain each record, item of data and document relating to the Project for a period of at least six years from the Grant End Date.
- 8.4. The Recipient shall comply and facilitate Salix's compliance with all statutory requirements as regards accounts, audit or examination of accounts, annual reports and annual returns applicable to itself and Salix.

9. Monitoring and reporting

- 9.1. The Recipient shall closely monitor the delivery and success of the Project throughout the Grant Period to ensure that the Agreement is being adhered to.

- 9.2. The Recipient acknowledges that Salix may monitor the Project to ensure that the Project fulfils all requirements specified by Salix and the Department, including providing the energy savings and CO2 reductions envisaged and agreed with Salix at the outset of the Project.
- 9.3. On or before the 15th day of each calendar month during the Grant Period, the Recipient must provide Salix with a report, containing the information set out in Schedule 4 of the Grant Offer Letter (Monitoring Reports) including an updated Forecast, as of the 10th day of the calendar month, together with copies of all invoices, cost breakdowns or other evidence of the total costs and expenses incurred since the previous report.
- 9.4. Where the Recipient has obtained funding from a third party for its delivery of part of the Project, the Recipient shall include the amount of such funding in the reports provided pursuant to Clause 9.4 together with details of what that funding has been used for.
- 9.5. Along with its first report provided pursuant to Clause 9.4 the Recipient shall provide Salix with a risk register and insurance review in the format requested by Salix. The Recipient shall address the health and safety of its staff in the risk register. The Recipient shall assess and document the risk of fraud, error and irregularity in the risk register, considering the full project life cycle risks, including procurement, contractors and project output.
- 9.6. The Recipient shall on request provide Salix and/or the Secretary of State with such further information, explanations and documents as Salix may reasonably require in order for it to establish that the Grant has been used properly in accordance with the Agreement.
- 9.7. The Recipient shall permit any person authorised by Salix and/or the Secretary of State such reasonable access to its employees, agents, premises, facilities and records, for the purpose of discussing, monitoring and evaluating the Recipient's fulfilment of the conditions of the Agreement and shall, if so required, provide appropriate oral or written explanations from them.
- 9.8. The Recipient shall, if so requested by Salix, permit any person authorised by Salix for the purpose to visit the Recipient once every quarter to monitor the delivery of the Project. Where, in its reasonable opinion, Salix considers that additional visits are necessary to monitor the Project, it shall be entitled to authorise any person to make such visits on its behalf.
- 9.9. The Recipient shall provide Salix with a final report with sufficient evidence to demonstrate that the project has met all the conditions set out in the grant offer letter and that the project has met the requirements for final commissioning.
- 9.10. The Recipient will operate the equipment installed through the project in the manner intended and in line with the carbon savings calculations submitted to Salix.
- 9.11. In each of the first three years from the date of Practical Completion, the Recipient shall provide Salix with a report outlining the effectiveness of the Project in delivering energy savings and CO2 reductions, and containing such other information and evidence as is reasonably requested by Salix in relation to the Project.
- 9.12. The Recipient represents and undertakes (and shall repeat such representations on delivery of the relevant report or information):
 - 9.12.1. that the reports and information it gives pursuant to this Clause 9 are accurate;
 - 9.12.2. that it has diligently made full and proper enquiry of the matter pertaining to the reports and information given; and
 - 9.12.3. that any data it provided pursuant to the Grant Application may be shared within the powers conferred by legislation with other organisations for the purpose of preventing or detecting crime.

10. Receipt of other funding sources

- 10.1. The Recipient is prohibited from accepting any other public sector or European funding in relation to the Project without first obtaining the prior written consent of Salix and the Recipient shall not claim or use any part of the Grant for any purpose other than the delivery of the Project.
- 10.2. The Recipient shall comply with the subsidy control rules applicable in the United Kingdom in relation to the delivery of the Project at the time this Grant Offer Letter is signed (including, but not limited to, the World Trade Organisation Agreement on Subsidies and Countervailing Measures; the Subsidy Control Act 2022; the UK-EU Trade and Co-operation Agreement; and the UK's other Free Trade Agreements) and shall ensure that the delivery of the Project shall not put the Secretary of State and/or Salix in breach of such subsidy control rules.
- 10.3. The Recipient acknowledges and represents to the Secretary of State and Salix that the Grant is being awarded on the basis that the Project, and related work being undertaken using the Grant, do not affect trade in goods and electricity between Northern Ireland and shall ensure that the Grant is not used in way that affects any such trade.
- 10.4. The Recipient is required to obtain and retain all declarations and information as may be required to enable the Recipient, Salix and the Secretary of State to comply with the relevant subsidy control rules, including the Subsidy Control Act 2022, and to provide copies of such declarations and information to the Secretary of State and Salix when required to do so.
- 10.5. The Recipient shall maintain appropriate records of compliance with the relevant subsidy control regime and shall take all reasonable steps to assist both the Secretary of State and Salix to comply with their obligations to maintain such records and respond to any proceedings or investigation(s) into, or in connection with, the Grant and/or Project by any relevant court or tribunal of relevant jurisdiction or regulatory body.
- 10.6. Salix may, if required to do so by the Secretary of State or any other Governmental body, recover from the Recipient, on demand, any Grant, plus interest, made in contravention of the applicable subsidy control rules.
- 10.7. The Recipient shall, if requested by the Secretary of State or any Governmental body or Salix, repay to the Secretary of State, such Governmental body or Salix, any Grant, plus interest, made in contravention of the applicable subsidy control rules.
- 10.8. The Recipient accepts that the Secretary of State and/or Salix may exercise the options referred to in paragraphs 10.6 and 10.7 where the Secretary of State and/or Salix:
 - 10.8.1. is required to cease grant funding or to recover all, or any proportion, of the Grant or any other amount by virtue of a decision of a court or any equivalent body as a result of the relevant subsidy control rules which apply in domestic UK law; or
 - 10.8.2. has reasonable grounds to consider that the payment of the Grant, or the Recipient's use of it, contravenes any requirement of law, in particular (but without limitation) the relevant subsidy control rules which apply in domestic UK law.

11. Acknowledgment and publicity

- 11.1. The Recipient shall not publish any material referring to the Project or Salix without the prior written agreement of Salix. Any draft media must be shared with Salix before engaging with the media. Salix reserves the right to add quotes and other information as necessary. The Recipient shall acknowledge the support of Salix and the Department, in any materials that refer to the Project and in any written or spoken public presentations about the Project. Such acknowledgements (where appropriate or as requested by Salix) shall include Salix's name and the Department's name (or any future name or logo adopted by Salix or the Department) using the materials provided by Salix from time to time.
- 11.2. In using Salix's name and logo, or the logo of the Department, the Recipient shall comply with all reasonable branding guidelines issued by Salix or the Department from time to time.
- 11.3. The Recipient agrees to participate in and co-operate with promotional activities relating to the Project that may be instigated and/or organised by Salix or the Department.
- 11.4. Salix and the Department may acknowledge the Recipient's involvement in the Project and the Scheme as appropriate without prior notice.
- 11.5. The Recipient shall comply with all reasonable requests from Salix and the Department to facilitate visits, provide reports, statistics, photographs and case studies that will assist Salix and the Department in its promotional and fundraising activities relating to the Project.
- 11.6. The Recipient shall respond to any surveys and market research when requested by Salix or the Department from time to time and at various milestones.
- 11.7. The Recipient shall seek permission prior to including any reference to Salix or the Department in any external facing branding. The Recipient shall acknowledge the department and Salix in this external facing branding, including hoardings, using the templates and logos supplied by Salix. The Recipient shall follow the supplied brand guidelines at all times.

12. Intellectual Property Rights

- 12.1. Salix and the Recipient agree that all rights, title and interest in or to any information, data, reports, documents, procedures, forecasts, technology, Know-How and any other Intellectual Property Rights whatsoever owned by either Salix or the Recipient before the Grant Start Date or developed by either party during the Grant Period, shall remain the property of that party.
- 12.2. Where Salix has provided the Recipient with any of its Intellectual Property Rights for use in connection with the Project (including without limitation its name and logo), the Recipient shall, on termination of the Agreement, cease to use such Intellectual Property Rights immediately and shall either return or destroy such Intellectual Property Rights as requested by Salix.

13. Confidentiality

- 13.1. Subject to Clause 14 (Freedom of Information), each party shall during the term of the Agreement and thereafter keep secret and confidential all Intellectual Property Rights or Know-How or other business, technical or commercial information disclosed to it as a result of the Agreement and shall not disclose the same to any person save to the extent necessary to perform its obligations in accordance with the terms of the Agreement or save as expressly authorised in writing by the other party.
- 13.2. The obligation of confidentiality contained in this clause shall not apply or shall cease to apply to any Intellectual Property Rights, Know-How or other business, technical or commercial information which:

- 13.2.1. at the time of its disclosure by the disclosing party is already in the public domain or which subsequently enters the public domain other than by breach of the terms of the Agreement by the receiving party;
- 13.2.2. is already known to the receiving party as evidenced by written records at the time of its disclosure by the disclosing party and was not otherwise acquired by the receiving party from the disclosing party under any obligations of confidence; or
- 13.2.3. is at any time after the date of the Agreement acquired by the receiving party from a third party having the right to disclose the same to the receiving party without breach of the obligations owed by that party to the disclosing party.

14. Freedom of information

- 14.1. The Recipient acknowledges that Salix is subject to the requirements of the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIRs).
- 14.2. The Recipient shall:
 - 14.2.1. provide all necessary assistance and cooperation as reasonably requested by Salix to enable Salix to comply with its obligations under the FOIA and EIRs;
 - 14.2.2. transfer to Salix all requests for information relating to the Agreement that it receives as soon as practicable and in any event within 2 working days of receipt;
 - 14.2.3. provide Salix with a copy of all information belonging to Salix requested in the request for information which is in its possession or control in the form that Salix requires within 5 working days (or such other period as Salix may reasonably specify) of Salix's request for such information; and
 - 14.2.4. not respond directly to a request for information unless authorised in writing to do so by Salix.
- 14.3. The Recipient acknowledges that Salix may be required under the FOIA and EIRs to disclose information without consulting or obtaining consent from the Recipient. Salix shall take reasonable steps to notify the Recipient of a request for information (in accordance with the Secretary of State's section 45 Code of Practice on the Discharge of the Functions of Public Authorities under Part 1 of the FOIA) to the extent that it is permissible and reasonably practical for it to do so but (notwithstanding any other provision in the Agreement) Salix (in consultation with the Department) shall be responsible for determining in its absolute discretion whether any information should be withheld from disclosure in accordance with the FOIA and/or the EIRs.

15. Data protection

- 15.1. Both Parties will comply with all applicable requirements of and all their obligations under the Data Protection Legislation which arise in connection with the Agreement.

16. Procurement of Capital Equipment, Goods and Services

- 16.1. The procurement of all works, equipment, goods and services required to deliver the Project must be carried out in accordance with the Recipient's internal procurement guidelines and financial regulations, and with all applicable laws including the Procurement Regulations. Salix shall not be liable for the Recipient's failure to comply with its obligations under such guidelines, regulations or laws.
- 16.1. The Recipient may be required to provide evidence to Salix of the procurement activity undertaken to select suppliers and contractors, and the contracts in place, to ensure that it aligns with the terms of this Agreement.

17. Withholding, suspending and repayment of Grant

- 17.1. Salix's intention is that the Grant will be paid to the Recipient in full. However, without prejudice to Salix's other rights and remedies, Salix may at its discretion reduce, withhold or suspend payment of all or any part of the Grant and/or require repayment of all or part of the Grant if:
- 17.1.1. the Recipient has used, or intends to use, all or any part of the Grant for purposes other than those for which the Grant has been awarded;
 - 17.1.2. the delivery of the Project does not start within 6 weeks of the Project Start Date and the Recipient has failed to provide Salix with a reasonable explanation for the delay;
 - 17.1.3. Salix, acting reasonably, considers that the Recipient has not made satisfactory progress with the delivery of the Project;
 - 17.1.4. the Recipient is, in the reasonable opinion of Salix, delivering the Project in a negligent manner and/or not in accordance with the Project Programme or Grant Application;
 - 17.1.5. the Recipient obtains duplicate funding from a third party for the Project;
 - 17.1.6. the Recipient obtains funding from a third party without prior written consent of Salix, such consent not to be unreasonably withheld;
 - 17.1.7. the Recipient provides Salix with any materially misleading or inaccurate information and/or any of the information provided in the Grant Application; in any subsequent correspondence, or discovered in any way is found to be incorrect or incomplete to an extent that Salix considers to be significant;
 - 17.1.8. the Recipient commits or committed a Prohibited Act or fails to report a Prohibited Act to Salix, whether committed by the Recipient or a third party, as soon as they become aware of it;
 - 17.1.9. any member of the Governing Body, employee, volunteer or agent of the Recipient has (a) acted dishonestly or negligently at any time and directly or indirectly to the detriment of the Project or (b) taken any actions which, in the reasonable opinion of Salix, bring or are likely to bring Salix's name or reputation into disrepute (and actions include omissions in this context) or (c) transferred, assigned or novated the Grant to a third party or (d) failed to act in accordance with all applicable laws;
 - 17.1.10. the Recipient ceases to operate for any reason, or it passes a resolution (or any court of competent jurisdiction makes an order) that it be wound up or dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
 - 17.1.11. the Recipient becomes insolvent, or it is declared bankrupt, or it is placed into receivership, administration or liquidation, or a petition has been presented for its winding up, or it enters into any arrangement or composition for the benefit of its creditors, or it is unable to pay its debts as they fall due;
 - 17.1.12. in the sole opinion of Salix, the Grant has been used for non-compliant subsidy;
 - 17.1.13. in the sole opinion of His Majesty's Revenue & Customs, the Recipient engages in tax evasion or aggressive tax avoidance;
 - 17.1.14. Salix is unable to pay the Grant to the Recipient because it has not been provided by the Department with sufficient funding to provide the Grant;

- 17.1.15. in the sole opinion of Salix, there is a financial irregularity within the Recipient which is not rectified within the timescale provided by Salix;
- 17.1.16. the Recipient undergoes a Change of Control which Salix, acting reasonably, considers:
- (a) will be materially detrimental to the completion of the Project and/or;
 - (b) causes, or would cause, the Recipient to be in breach of the Agreement;
 - (c) would raise national security concerns; or
- 17.1.17. the Recipient fails to comply with the Agreement and fails to rectify any such failure within 30 days of receiving written notice detailing the failure.
- 17.1.18. the Recipient does not provide Salix the evidence requested to resolve the Specific Conditions in the time specified set out in Schedule 2
- 17.1.19. the Recipient fails to provide accurate forecasts for their payments to Salix, in their monthly monitoring report, or regularly provide a forecast which differs substantially from the payment request submitted therefore hindering Salix from submitting accurate payment forecasts to the Department.
- 17.1.20. the Recipient fails to evidence the removal and decommissioning of the end-of-life fossil fuel heating systems as detailed in the Grant Application or following an approved project change.
- 17.1.21. the Recipient receives an adverse audit opinion, requiring the Recipient to repay funds to Salix to rectify overpayments, errors or irregularities identified during the audit.
- 17.2. Salix may retain or set off any sums owed to it by the Recipient which have fallen due and payable against any sums due to the Recipient under the Agreement or any other agreement pursuant to which the Recipient provides goods or services to Salix.
- 17.3. The Recipient shall make any payments due to Salix without any deduction whether by way of set-off, counterclaim, discount, abatement or otherwise.
- 17.4. Should the Recipient be subject to financial or other difficulties which are capable of having a material impact on its effective delivery of the Project or compliance with the Agreement it will notify Salix as soon as possible so that, if possible, and without creating any legal obligation, Salix will have an opportunity to provide assistance in resolving the problem or to take action to protect Salix and the Grant monies

18. Anti-discrimination

- 18.1. The Recipient shall not unlawfully discriminate within the meaning and scope of any law, enactment, order, or regulation relating to discrimination (whether in race, gender, religion, disability, sexual orientation, age or otherwise) in employment.
- 18.2. The Recipient shall take all reasonable steps to secure the observance of Clause 18.1 by all servants, employees or agents of the Recipient and all suppliers and sub-contractors engaged on the Project.

19. Human Rights

- 19.1. The Recipient shall (and shall use its reasonable endeavours to procure that its staff shall) at all times comply with the provisions of the Human Rights Act 1998 in the performance of the Agreement as if the Recipient were a public body (as defined in the Human Rights Act 1998).

- 19.2. The Recipient shall undertake, or refrain from undertaking, such acts as Salix requests so as to enable Salix to comply with its obligations under the Human Rights Act 1998.

20. Financial Management, Audit and Prevention of Bribery, Corruption, Fraud and Other Irregularity

- 20.1. The Recipient will at all times comply with all applicable Laws, statutes and regulations relating to anti-bribery and anti-corruption, including but not limited to the Bribery Act.
- 20.2. The Recipient must have a sound administration and audit process, including internal financial controls to safeguard against fraud, theft, money laundering, counter terrorist financing or any other impropriety, or mismanagement in connection with the administration of the Grant. Salix may require that the Recipient's internal/external auditors report on the adequacy or otherwise of those processed.
- 20.3. All cases of fraud, theft or other financial irregularity (whether actual or suspected) relating to the Project and/or use of the Grant must be notified to Salix as soon as they are identified. The Recipient shall explain to Salix what steps are being taken to investigate the fraud, theft or financial irregularity and shall keep Salix informed about the progress of any such investigation. Salix may however request that the matter is referred to external auditors or other third parties for investigation as required.
- 20.4. Salix will have the right, at its absolute discretion, to insist that the Recipient addresses any actual or suspected fraud, theft or other financial irregularity and/or to suspend future payment of the Grant to the Recipient and reserves the right to make referrals to DESNZ and/or investigating authorities or stakeholders in pursuance of this. The Recipient will be required to take appropriate action where there is evidence that a fraud has or could be committed, and/or the Recipient should reasonably suspect this to be the case.
- 20.5. The Recipient shall comply with all reasonable requests in a timely manner from Salix to engage and co-operate with the audit process and supply any documentation requested, including the facilitation of site visits.
- 20.6. For the purposes of this Clause 20, "financial irregularity" includes (but is not limited to) potential fraud or other impropriety, mismanagement, and the use of the Grant for any purpose other than those stipulated in the Agreement. The Recipient may be required to provide statements and evidence to Salix or the appropriate organisation as part of pursuing sanctions, or criminal or civil proceedings.

21. Limitation of liability

- 21.1. Salix accepts no liability for any consequences, whether direct or indirect, that may come about from the Recipient running the Project, the use of the Grant or from withdrawal of the Grant. The Recipient shall indemnify and hold harmless Salix, its employees, agents, officers or sub-contractors with respect to all claims, demands, actions, costs, expenses, losses, damages and all other liabilities arising from or incurred by reason of the actions and/or omissions of the Recipient in relation to the Project, the non-fulfilment of obligations of the Recipient under the Agreement or its obligations to third parties.
- 21.2. Subject to Clause 21.1, Salix's liability under the Agreement is limited to the payment of the Grant

22. Warranties

21.1. The Recipient warrants, undertakes and agrees that:

- 22.1.1. it is a Public Sector Body;
- 22.1.2. it has all necessary resources and expertise to deliver the Project (assuming due receipt of the Grant);
- 22.1.3. it has not committed, nor shall it commit, any Prohibited Act;
- 22.1.4. it shall at all times comply with all relevant legislation and all applicable codes of practice and other similar codes or recommendations, and shall notify Salix immediately of any significant departure from such legislation, codes or recommendations;
- 22.1.5. it shall comply with the requirements of the Health and Safety at Work etc. Act 1974 and any other acts, orders, regulations and codes of practice relating to health and safety, which may apply to employees and other persons working on the Project;
- 22.1.6. it has and shall keep in place adequate procedures for dealing with any conflicts of interest;
- 22.1.7. it has and shall keep in place systems to deal with the prevention of fraud and/or administrative malfunction;
- 22.1.8. all financial and other information concerning the Recipient which has been disclosed to Salix is to the best of its knowledge and belief, true and accurate;
- 22.1.9. it is not subject to any contractual or other restriction imposed by its own or any other organisation's rules or regulations or otherwise which may prevent or materially impede it from meeting its obligations in connection with the Grant;
- 22.1.10. it is not aware of anything in its own affairs, which it has not disclosed to Salix or any of Salix's advisers, which might reasonably have influenced the decision of Salix to make the Grant on the terms contained in the Agreement; and
- 22.1.11. since the date of its last accounts there has been no material change in its financial position or prospects which would, in the reasonable opinion of Salix, adversely affect the Recipient's ability to deliver the Project in accordance with the Project Programme, the Grant Application and the Agreement.

23. Change of Control

- 23.1. The Recipient shall notify Salix immediately in writing and as soon as the Recipient is aware (or ought reasonably to be aware) that it is anticipating, undergoing, undergoes or has undergone a Change of Control, provided such notification does not contravene any law.
- 23.2. The Recipient shall ensure that any notification made pursuant to Clause 23.1 shall set out full details of the Change of Control including the circumstances suggesting and/or explaining the Change of Control.
- 23.3. Where the Grant has been awarded to a consortium and the Recipient has entered into a collaboration agreement, the notification required under Clause 23.1 shall include any changes to the consortium members as well as the Recipient.
- 23.4. Following notification of a Change of Control, and unless Salix gave prior consent to the Change of Control, Salix shall be entitled to exercise its rights under Clause 17.1.16 by providing the Recipient with notification of its proposed action in writing within three (3) months of:

23.4.1. being notified in writing that a Change of Control is anticipated or is in contemplation or has occurred; or

23.4.2. where no notification has been made, the date that Salix becomes aware that a Change of Control is anticipated or is in contemplation or has occurred.

24. Duration

24.1. Except where otherwise specified, the terms of the Agreement shall apply from the Grant Start Date until the 3 years after the project is completed.

24.2. Any obligations under the Agreement that remain unfulfilled following the expiry or termination of the Agreement shall survive such expiry or termination and continue in full force and effect until they have been fulfilled.

25. Assignment

25.1. The Recipient may not, without the prior written consent of Salix, assign, transfer, sub-contract, or in any other way make over to any third party the benefit and/or the burden of the Agreement or, except as contemplated as part of the Project, transfer or pay to any other person any part of the Grant.

26. Waiver

26.1. No failure or delay by either party to exercise any right or remedy under the Agreement shall be construed as a waiver of any other right or remedy.

27. Notices

27.1. All notices and other communications in relation to the Agreement shall be in writing and shall be deemed to have been duly given if personally delivered or mailed (first class postage prepaid) to the address of the relevant party, as referred to above or otherwise notified in writing. If personally delivered all such communications shall be deemed to have been given when received (except that if received on a non-working day or after 5.00 pm on any working day they shall be deemed received on the next working day) and if mailed all such communications shall be deemed to have been given and received on the second working day following such mailing.

28. No partnership or agency

28.1. The Agreement shall not create any partnership or joint venture between Salix and the Recipient, nor any relationship of principal and agent, nor authorise any party to make or enter into any commitments for or on behalf of the other party.

29. Joint and several liability

29.1. Where the Recipient is not a company nor an incorporated entity with a distinct legal personality of its own, the individuals who enter into and sign the Agreement on behalf of the Recipient shall be jointly and severally liable for the Recipient's obligations and liabilities arising under the Agreement.

30. Contracts (Rights of Third Parties) Act 1999

30.1. Except as expressly provided in Clause 30.2, the Agreement does not and is not intended to confer any contractual benefit on any person pursuant to the terms of the Contracts (Rights of Third Parties) Act 1999, save that the Department may rely upon and enforce any provision of the Agreement against the Recipient.

30.2. The Agreement is also made for the benefit of the Department from time to time and all provisions of the Agreement shall be enforceable by the Department to the fullest extent permitted by law as if they were a party to the Agreement in place of Salix.

31. Governing law

31.1. The Agreement shall be governed by and construed in accordance with the law of England and the parties irrevocably submit to the exclusive jurisdiction of the English courts.

32. Entire agreement

32.1. The Agreement (together with all documents attached to or referred to within it) constitutes the entire agreement and understanding between the parties in relation to the Grant and supersedes any previous agreement or understanding between them in relation to such subject matter.

Schedule 2 : Specific Conditions

Note to Recipient: The conditions below are to be discharged by providing sufficient evidence to Salix. Payment will be made to the grant recipient once conditions have been discharged by the expected discharge date as set out in Schedule 2 below. If conditions are significantly overdue, grant payments may be withheld until these are resolved. Final grant payment will not be made until all conditions are resolved.

Conditions prior to receiving first payment:

	Condition	Milestone the condition is to be discharged by	Expected discharge date
1	The grant recipient shall provide a payment forecast by the 15th of the month following the Grant Start Date or six weeks in advance of submitting the first payment request.	N/A	15/04/2025

Conditions upon completion of relevant milestone:

	Condition	Milestone the condition is to be discharged by	Expected discharge date
1	To provide to Salix written reasoning for the selected refrigerant. Please indicate why a more environmentally friendly refrigerant has not been chosen.	Detailed Designs Complete	01/10/2026
2	Any changes to the proposed energy savings must be communicated to Salix. Any changes to the proposed energy savings must also be accompanied by an updated project form.	Detailed Designs Complete	01/10/2026
3	To provide to Salix an updated project programme.	Detailed Designs Complete	01/10/2026
4	To provide to Salix, evidence that the heat pump will perform correctly for this space heating requirement, providing detailed designs, schematics and Piping & Instrumentation Diagram, to show that emitters and other infrastructure will facilitate both the high delta T and the low return temperature proposed in your application.	Detailed Designs Complete	01/10/2026
5	To provide evidence from the DNO that for any relevant measures there is either confirmation of sufficient capacity to connect to the network; or a connection upgrade offer from the DNO	Detailed Designs Complete	01/10/2026
6	To provide to Salix data sheets for all technologies once the product specifications and manufacturers have been confirmed.	Orders Placed	01/12/2026
7	To provide to Salix a monitoring plan detailing how carbon savings will be monitored and reported following completion of the project. This plan can be communicated in a short report. If the completion of the project is extended beyond the end of the grant period, this condition is to be provided prior to the final payment claim.	Final Commissioning	01/02/2028

8	To provide to Salix an updated project form with finalised figures for all data including costs and energy values once the project is complete on site. This must be provided prior to the final grant payment and again on project completion, if an extension to the project's practical completion date has been approved by Salix.	Final Commissioning	01/02/2028
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Schedule 3: Project Programme and Expenditure Forecast

Note to Recipient: This schedule has been populated with information taken from the initial application form and discussions with the grant recipient.

The grant funding for multi-year projects is capped as per the funding set out in this Grant Offer Letter. There is no flexibility to transfer funding from one year to another.

Year 1 (2025/26)	£721,877.00
Year 2 (2026/27)	£250,000.00
Year 3 (2027/28)	£127,985.00
Total	£1,099,862.00

1. Name of Project with Submission ID

Cherwell District Council - Decarbonisation of various Council Buildings
Submission ID: 59995

2. Summary description of the Project (taken from Section 1.2 of Application Form)

Cherwell District Council (CDC) plans to decarbonise three leisure centres (Stratfield Brake Leisure Centre, Spiceball Leisure Centre and Woodgreen Leisure Centre) as well as the small clubhouse at North Oxford Academy School. CDC aims to install an air source heat pump system at Stratfield Brake Sports Grounds, specifically targeting one important building. This building houses changing rooms, showers, a bar, and a meeting room, which are frequently used by various individuals and occasionally host meetings for other councils. The installation of the air source heat pump is intended to provide energy-efficient and sustainable heating and cooling solutions for the building, ensuring comfortable conditions year-round while reducing our carbon footprint. CDC aims to install an air source heat pump system at Spiceball Leisure Centre for DHW. A previous ASHP has been installed as part of PSDS Phase 1 application, this unit serves space and pool heating. Additional fabric improvement measures are also proposed as part of this application (flange and pipework insulation). CDC aims to install two air source heat pumps at Woodgreen Leisure Centre, with one serving the wet changing room showers and heating within the bowls area, and the other serving DHW to the library, reception and gym. Additional fabric upgrades are also proposed as part of this application (loft insulation). CDC aims to install an air source heat pump at North Oxford Academy (Sports pavillion), which is to serve the DHW for the showers and space heating for the social space. Fabric upgrades are also included as part of this application (external wall insulation, loft insulation and upgrades to the existing glazing). The Council declared a Climate Emergency in July 2019 and pledged to be carbon neutral by 2030. The Council's 2020 Climate Action Framework confirms the Council's commitment to become a carbon-neutral organisation via a range of actions including reduced/cleaner travel, reduced electricity use, the addition of solar panels and retrofit of council buildings with clean heat such as heat pumps or networks. These projects that form part of the PSDS application will significantly contribute to the Council's carbon ambitions.

3. Recipient contribution

Total project value	Total grant funding requested	Recipient contribution
£1,450,773.40	£1,099,862.00	£350,911.40

4. Detailed timetable and payments schedule

Note to Recipient: Recipients are to ensure they provide accurate, updated payment forecasts as part of the monthly monitoring report, as this is used to ensure that Salix has the correct funds available to pay Recipients. Incorrect forecasts may delay payments.

Delivery Milestone Reached	Date Milestone to be Completed	Costs Associated with Completion of Milestone
Project approval	01/06/2025	£0
Pre-Design	02/06/2025	£0
Detailed designs complete	01/11/2025	£31,877.00
Out to tender	01/12/2025	£250,000.00
Tenders complete	28/02/2026	£0
Orders placed	12/03/2026	£440,000.00
Works in progress on site	01/05/2026	£250,000.00
Completed on site	02/02/2028	£100,005.00
Final commissioning	05/02/2028	£27,980.00

The grant funding for multi-year projects is capped as per the funding set out in this Grant Offer Letter. There is no flexibility to transfer funding from one year to another.

5. Key risks with mitigation measures

Number	Risk Category	Risk Description	Control Measures	Residual Risk Rating
1	Schedule	Programme delivery deadlines not achieved	Internal resources have already been allocated for project management and programme delivery. Communicate timescales to contractors during procurement process. Request continuity/ contingency plans from contractors during the procurement process. Utilise project governance processes set out in the PSDS application form to ensure approvals are achieved in a timely manner and ensure progress by the contractor is monitored and any delays in the project are rectified in a timely manner.	Moderate
2	Achieving savings	Reliability and accuracy of CDC input data	Calibration modelling suggests carbon savings are correct ballpark for the projects. During RIBA Stage 4, additional heat loss modelling will be undertaken to verify initial calculations. Regular review and validation of delivery scope to validate carbon savings. Post monitoring processes agreed and embedded with regular review of carbon savings being achieved to those initially identified. Further investigations to be undertaken where variations may occur.	Low

3	Achieving savings	Estimated carbon savings may be conservative, resulting in lower calculated savings	Calibration modelling suggests carbon savings are correct ballpark based on the inputs received. During RIBA Stage 4, additional heat loss modelling will be undertaken to verify initial calculations.	Low
4	Other	Access and public interaction	Council/Parkwood Leisure teams to liaise with stakeholders prior to structural surveys/ construction mobilisation. Construction Phase Plan and RAMS issued by contractor. CDM regulations being followed at all times.	Low
5	Feasibility	Structural surveys - Woodgreen Leisure Centre, Stratfield Brake Leisure Centre and North Oxford Academy School.	Structural surveys commissioned upon notification of PSDS grant funding.	Low
6	Feasibility	Structural survey - Spiceball Leisure Centre	Structural surveys commissioned upon notification of PSDS grant funding.	Low
7	Feasibility	Spiceball Leisure Centre - compatibility with existing BMS	Feasibility study required to understanding existing BMS and to ensure proposed system is compatible.	Low
8	Other	Anti-social behaviour - vandalism to ASHP	ASHP at Spiceball Leisure Centre to be located on roof. ASHP at the other three sites to be located in a locked enclosure.	Low

9	Other	Reputation risk, disruption during construction to users or to neighbours	Ensure competence of contractors is vetted. Parkwood Leisure to manage public interface at Spiceball Leisure Centre and Woodgreen Leisure Centre. Council team to manage public interface at Stratfield Brake Leisure Centre and North Oxford Academy School.	Low
10	Cost	Capital costs exceed estimate	ASHP projects are based on Gleeds initial feasibility report and quotation for the for boiler replacement at Stratfield Brake Sports Ground. All other costs have been developed by an LCMB engineer from their engagement with the supply chain, this includes manufacturer quotations. LCMB have also checked the values against similar recent competitive tender returns and is satisfied they represent good value for money. Where a lump sum has been provided by installers, LCMB has broken this down using typical percentage values for this application. A contingency has been added which includes for additional works and inflation. The Council has also liaised with the Greater South East Net Zero Hub and Local Partnerships who have confirmed that the costs proposed for the work required is reasonable.	Low

6. Sites where projects are taking place

#	Building Name	Unique Property Reference Number	Type of Building	Postcode	Measures
1	Spiceball	10011905417	Leisure centre	OX162BW	Heating pipework insulation (internal)
2	Spiceball	10011905417	Leisure centre	OX162BW	Heating pipework insulation (internal)
3	Spiceball	10011905417	Leisure centre	OX162BW	Air source heat pump (air to water)
4	Spiceball	10011905417	Leisure centre	OX162BW	Air source heat pump (air to water)
5	Spiceball	10011905417	Leisure centre	OX162BW	Air source heat pump (air to water)
6	Spiceball	10011905417	Leisure centre	OX162BW	Air source heat pump (air to water)
7	Stratfield Brake	10011885724	Sports ground	OX51UP	Air source heat pump (air to water)
8	Stratfield Brake	10011885724	Sports ground	OX51UP	Air source heat pump (air to water)
9	Stratfield Brake	10011885724	Sports ground	OX51UP	Air source heat pump (air to water)
10	Stratfield Brake	10011885724	Sports ground	OX51UP	Air source heat pump (air to water)
11	NOA	10012188104	Sports ground	OX160UD	External wall insulation
12	NOA	10012188104	Sports ground	OX160UD	Loft insulation
13	NOA	10012188104	Sports ground	OX160UD	Double glazing with metal or plastic frames
14	Woodgreen	10011885024	Leisure centre	OX160HS	Loft insulation
15	Stratfield Brake	10011885724	Sports ground	OX51UP	Loft insulation

16	Stratfield Brake	10011885724	Sports ground	OX51UP	Cavity wall insulation
17	NOA	10012188104	Sports ground	OX160UD	Air source heat pump (air to water)
18	Woodgreen	10011885024	Leisure centre	OX160HS	Air source heat pump (air to water)
19	Woodgreen	10011885024	Leisure centre	OX160HS	Air source heat pump (air to water)
20	Woodgreen	10011885024	Leisure centre	OX160HS	Air source heat pump (air to water)
21	Woodgreen	10011885024	Leisure centre	OX160HS	Air source heat pump (air to water)
22	Spiceball	10011905417	Leisure centre	OX162BW	Air source heat pump (air to water)
23	Spiceball	10011905417	Leisure centre	OX162BW	Air source heat pump (air to water)
24	Spiceball	10011905417	Leisure centre	OX162BW	Air source heat pump (air to water)

Schedule 4 : Monthly Monitoring Report

The monthly monitoring report is a mechanism to understand how the grant recipient is proceeding with their project each month. This process involves focusing on the milestones that have been reached, the forecast for future payment requests and any risks to the project.

The grant recipient will be issued a bespoke monthly monitoring report in an email directly from Salix. Further guidance will also be provided by Salix on how to complete this report.

These monitoring reports are a requirement of the scheme until the point of practical completion and should be provided to the assigned Salix relationship manager by the 15th of each month (or earlier if this does not fall on a working day). This will allow Salix and DESNZ to understand the current development of the project so overall scheme progress and risks can be assessed.

If the grant recipient fails to provide a completed and accurate monthly monitoring report by the stated return date this may result in payment being withheld until this has been resolved.

The grant recipient's first monthly monitoring report will be expected on the 15th of the month following the Grant Start Date.

Projects which have been awarded planning years will be required to report on a quarterly basis up until the financial year funding has been awarded in. You will then be required to report on a monthly basis during the grant period and until the Grant End Date.

If your project is delayed beyond the Grant End Date, you will be required to submit quarterly monitoring reports until your project reaches practical completion.

Schedule 5 : Payment Request

This Schedule 5 template may be subject to change. All payment requirements and templates will be shared to successful grant recipients following signing of this Grant Offer Letter.

Phase 4 Public Sector Decarbonisation Scheme (PSDS) payment requests can be submitted to Salix Finance monthly. The payment request must be completed via this template, a copy of which will be shared with the Authorising Official and should contain the following information:

To: Salix Finance Limited
2nd Floor
10 South Colonnade
Canary Wharf
London, E14 4PU

For the attention of: Phase 4 Public Sector Decarbonisation Scheme Team
Email: justin.morris@salixfinance.co.uk

From: Cherwell District Council

Date:

Submission ID: 59995

Description of Project: Cherwell District Council - Decarbonisation of various Council Buildings

Dear Sir or Madam,

Phase 4 PSDS Grant Offer Letter dated 07/03/2025 entered into between Salix and the Recipient.

1. We refer to the Phase 4 PSDS Grant Offer Letter. This is a Payment Request. Words and expressions defined in the Phase 4 PSDS Grant Offer Letter have the same meaning in this Payment Request unless given a different meaning in this Payment Request.
2. We hereby request part payment of the Grant as follows:

Amount:
Payment Date:
3. The bank details into which the PSDS Grant is to be paid are as follows:

Name of Account:
Sort Code:
Account Number:
4. We confirm that as at the date of this Payment Request and on each Payment Date:
 - (a) each payment of the Phase 4 PSDS Grant that has been received to date has been used for the Phase 4 PSDS Grant Purpose,
 - (b) each payment of the Phase 4 PSDS Grant that has been received to date has been spent on those items of expenditure listed in the Phase 4 PSDS Grant Application and such items have not exceeded the forecasted amounts listed in the Phase 4 PSDS Grant Application (without prior written agreement of Salix);

- (c) the remaining Phase 4 PSDS Grant to be provided is sufficient to meet the remaining costs required for fulfilment of the Phase 4 PSDS Grant Purpose;
 - (d) all information and evidence provided to Salix in support of the application for the Phase 4 PSDS Grant was complete, true and accurate at the time it was provided; and
 - (e) we have complied with the Phase 4 PSDS Grant Terms and Conditions in all respects.
5. This Payment Request is irrevocable.

.....
The Authorising Official

.....
Date

.....
Print Name
For and on behalf of Cherwell District Council

.....
Job Title

Schedule 6 : Specimen Signature

Name of Authorising Official:	
Position in Organisation:	
Signature:	

Schedule 7 : Phase 4 PSDS Application declarations

<p>I agree to the terms below:</p> <p>We confirm that those submitting the application are members of the public sector body and the public sector body is eligible for Phase 4 PSDS.</p> <p>The information supplied in our application form, energy savings information and supporting information is true and correct to the best of our knowledge.</p> <p>We understand that we will be required to provide Salix with monthly reports on the progress of the project, together with reasonable evidence of costs.</p> <p>We understand that if a project's timescales, or scope change, we must notify Salix.</p> <p>We agree to Salix sharing knowledge and information about our application and funded projects with both current and future clients, including the Department.</p> <p>We confirm there is no double funding for this project (i.e., that two sources of government funding are not being used to subsidise the same capital spend, including previous phases of the Public Sector Decarbonisation Scheme).</p> <p>We have read the Phase 4 Public Sector Decarbonisation Scheme Guidance Notes and agree acceptance of the content.</p> <p>We confirm that a team member and, if already appointed, a consultant will be available to answer any questions, within two working days, throughout the assessment process.</p> <p>We confirm that the eligible body has agreed to fund any like-for-like costs and costs that the grant cannot cover, as defined in the Public Sector Decarbonisation Scheme Phase 4 criteria.</p> <p>We are aware that once agreed, the total grant value cannot be exceeded, and any additional costs need to be supported by the eligible organisation directly.</p> <p>We have or will follow the agreed procurement route for this project in line with any internal procurement policy for our organisation or the relevant eligible body (where applicable).</p>	Yes
<p>We confirm that the application complies with all the relevant additionality criteria set out in the Phase 4 Public Sector Decarbonisation Scheme Guidance Notes, including that the applicant does not have readily available access to endowments or other sources of private funding that could be used to fund this project apart from the required applicant contribution.</p>	Yes
<p>We confirm that the funding for the project will be governed by the terms and conditions of the Phase 4 Public Sector Decarbonisation Scheme Grant Offer Letter</p>	Yes
<p>I declare that the information I have given on this form is correct and complete. I understand that if I knowingly provide false information this may result in further action and I may be liable for prosecution and civil recovery proceedings. I consent to the disclosure of information from this form for the purposes of verification of this application and the investigation, prevention, detection and prosecution of fraud.</p>	Yes

<p>Use of data</p> <p>Please note that information, which may include personal data, about both unsuccessful applications and funded projects collected via the application portal will be shared with the Department for Energy Security and Net Zero (the Department) and, where the Department deems it appropriate and/or consistent with the purposes for holding the data, may share this data with other government departments and public authorities as detailed in the Department's privacy notice (link). The purposes for which data may be shared will include enabling/assisting these bodies to co-ordinate decarbonisation work across the areas of the public sector for which they have responsibility.</p> <p>Administrative data will be shared with the Department's research and evaluation partners to evaluate the effectiveness of the scheme. Where consent is provided, personal data will also be shared as detailed in the Department's privacy notice (link).</p> <p>Consent to Share Data</p> <p>We understand that Salix may share our personal data with other government departments and public authorities which have a legitimate interest in the data.</p> <p>In all cases, where shared data contain personal data, they will be managed in accordance with the published the Department's privacy notice, which can be found here.</p> <p>I understand that scheme research activities may be conducted by third-parties and that my consent is sought for data to be shared with such parties in connection with these activities.</p> <p>I consent for Salix to share the data contained in this application, including personal data with third party research and contractors appointed by the Department to evaluate this scheme.</p> <p>Giving consent to this option is not a precondition for consideration of your application.</p>	<p>Yes</p>
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Schedule 8: Requirements relating to the Consortium

Not applicable

Schedule 9: Subsidy Control

Not applicable