

HOUSING TRANSFER GUIDELINES – HTG 1

Pre and post ballot costs

In our current economic climate it is important to minimise costs and demonstrate value for money in all public transactions. In response to this challenge the Welsh Government's programme of 'Managing with less' has been introduced.

The stock transfer process should comply with this agenda and as such Local authorities are required to limit pre ballot costs to £1m. If a local authority anticipates that expenditure is going to exceed this limit the local authority will be required to provide a business case and seek the approval of Welsh Ministers before the additional expenditure is incurred. Consideration to such a request will be made on a case by case basis.

The total cost of the stock transfer process should not exceed £5m. Again if the local authority and shadow RSL anticipate incurring costs beyond this level they should provide a joint business case and seek the approval of Welsh Ministers before the additional expenditure is incurred. Consideration to such a request will be made on a case by case basis.

It is essential that set up costs are kept to a minimum so that the maximum amount available is used to improve the housing stock.

Gap funding offer letter

The Housing Transfer Guidelines 2009 requires local authorities to issue a funding prospectus with the template dowry gap funding agreement making it clear that this is not open to negotiation. However, in the current economic climate the credit committees of banking institutions are being more prudent about their lending decisions to ensure that they have the required asset cover ratios. In recent transfers some of the preferred lenders entered into negotiations on the terms of the template dowry gap funding offer letter at a late stage in the transfer process holding their position until they had received the final transfer agreement, business plan and asset valuation which is not available until the end of the transfer negotiations.

Lenders required an extension to the ongoing commitment of Dowry beyond the initial 2 year period to an on-going commitment to a "rolling" two year period. Furthermore in some but not all transfers lenders negotiated the initial commitment period of funding from 2 years up to 5 years.

The Deputy Minister for Housing and Regeneration has agreed to amend the Gap Funding Offer Letter template to provide a 2 year rolling commitment period following the initial commitment period of Dowry gap funding; and to amend the year (currently stated as 2012) as the year that has previously been agreed with Welsh Ministers that the RSL will be working towards to achieve the Welsh Housing Quality Standard.

In respect of the initial period of funding being increased from 2 years to 5 years this will only be agreed in exceptional circumstances and should not be considered as the norm. As a result the Assembly Government requires the following changes to be made to the funding prospectus prior to issue:

Funding prospectus

The Funding prospectus should be issued with a copy of the Welsh Government's template dowry gap funding agreement which is attached at Annex A. An electronic copy can be obtained from the Welsh Government's Housing Directorate.

Local authorities are required to add the following paragraphs to the funding prospectus prior to issue:

- a) The template GFOL offering a 2 year commitment and a further 2 year rolling period is the Assembly's preferred option and lenders who agree to fund under these terms will not be able to resume negotiations at a later date; and also
- b) The Assembly Government recognises that we are currently facing difficult financial circumstances and as a short term measure (for this transfer only) applications from lenders who are unable to submit applications as outlined in a) above will also be considered subject to them providing an acceptable business case demonstrating the need for a further commitment of Assembly Gap funding up to a limit of either 5 years or over two Assembly terms (based on the fixed term election schedule) whichever is the shortest period.

Securitisation.

The housing transfer guidelines advises that for those transferee landlords anticipating peak debt in excess of £100m there is a requirement to obtain a securitisation quotation. To date no LSVT organisation has obtained funding through securitisation; it is unlikely that in the current economic climate of low interest rates securitisation will be a more cost effective form of borrowing; and finally the cost of a securitisation report is expected to be in the region of £10,000 which could be a saving realised on post ballot costs. Therefore the supplementary guidance will require shadow LSVT's to provide a 'funding choice report' as outlined below. If having considered the content officials require a securitisation report then the LSVT will be advised.

Funding Choice

Having received offers from potential funders following the release of the Funding Prospectus the shadow RSL will be required to provide the Assembly Government with a report outlining their preferred choice of lenders, having considered all options available to them. This will include both traditional and non traditional (securitisation) options.

Leaseholders

The Housing Transfer Guidelines requires local authorities to consult all stakeholders likely to be affected by stock transfer proposals. Careful consideration should be given to the number of leaseholders, the extent to which they would be affected by the transfer and their views on the proposal.

Local authorities are required to prepare a leaseholder offer document to issue to leaseholders at the same time that the Offer Document is issued to tenants. Formal consultation material must be agreed by the Assembly Government before it is issued. This is a substantial piece of work and sufficient time should be built into the project plan to allow for this. The Assembly Government will need a minimum of 6 weeks to undertake this review.

There has been growing concern in Wales about the effect of transfer on leaseholders. Historically leaseholders may have received poor [or “limited”] legal advice when purchasing a lease and may be unaware of their obligations. In addition, it is understood that some local authorities may not have charged leaseholders for repairs and service charges in the past, and it is a shock to leaseholders when they receive bills from LSVT RSLs who will bill leaseholders appropriately.

Leaseholders are asked to comment on stock transfer proposals and should be encouraged to get involved in Quality and Design Fora to monitor the quality and cost of works.

Leaseholders must have information about the effect of transfer at an early stage including the extent and estimated cost of works, to allow them to budget for future bills. A number of LSVT RSL’s offer assistance to leaseholders by ways of deferred payment arrangements with interest allowing repayment over an extended period, and obtaining (means tested) grants from charitable organisations and local authorities. The RSL should have a range of options to offer to leaseholders faced with bills for service charges and repairs.

There is a proposal that the Welsh Government will introduce regulations to assist leaseholders by; (i) enabling landlords to make loans which do not require the payment of interest, and (ii) giving the landlord the power to purchase an equitable interest in the property (with the leaseholder’s consent) in order to enable the leaseholders to meet some or all of the service charges.

The RSL must ensure the full cost of improvements to leaseholder properties are included in their business plans along with the impact of any deferred payment scheme or consideration of any non recovery of these costs from leaseholders.

VAT

For business planning purposes the current UK Government VAT rate should be used except where commitments have been made by the UK Government to increase the rate of VAT either before or within the first year of the business plan of the new LSVT. In these circumstances the increased VAT figure should be used throughout the term of the business plan.

Overhanging debt

There has been some uncertainty in recent transfers over the interpretation of the Assembly Government's guidance on the calculation of overhanging debt relating to the inclusion of premiums from debt rescheduling in the overhanging debt redemption figure.

It falls to the transferring Council to provide a total figure of overhanging debt plus penalties for early redemption to the Assembly Government (agreed with the PWLB) in sufficient time for the payment to be made via CHAPs same day transfer from the Assembly Government to the Council and then from the Council to the PWLB. It is essential that this "circular" transaction be carried out on the same day as agreed with the PWLB.

In calculating and agreeing the total payment due to the PWLB to be certified to the Welsh Government the Council must be satisfied that it has complied with the OHD guidance issued in the Housing transfer Guidelines 2009 and be aware that the calculations will be reviewed by the Council's WAO / external auditors post transfer.

The Assembly Government will expect the overhanging debt figure advised to the Welsh Government as agreed with the PWLB to reflect the relevant debt position of the Council at point of transfer. To the extent that the HRA debt at point of transfer as set out in the guidance to be included within the HRAs claim forms includes historic premia then the figure is eligible for repayment under the overhanging debt agreement.

In terms of process the Council needs to identify its HRA overhanging debt at point of transfer and contact the PWLB to discuss penalties and arrangements for the total due and date of repayment. It is the responsibility of the transferring Council to provide the Assembly Government with estimated PWLB debt and breakage on a regular basis as provided by the PWLB during the post ballot period. The Council must liaise with the PWLB and advise the Assembly Government of the final total payment due (including penalties) on a particular date as defined by the agreed project plan. The final figures are only available from PWLB at point of transfer.

Business plans

Close partnership working and cooperation is essential to facilitate a transfer on the preferred date. During negotiations on the terms of the transfer agreement it is essential that both parties share all business plans with each other in an open and transparent manner.

The RSL must ensure the full cost of improvements to leaseholder properties are included in their business plans along with the impact of any deferred payment scheme or consideration of any non recovery of these costs from leaseholders.

Transfer agreement

The date for the submission of the Transfer Agreement, supporting documentation and application for consent to transfer will have been agreed by all parties at the beginning of the post ballot process and reflected in the post ballot project plan.

Experience from previous transfers indicates that up to 8 weeks should be built into the stock transfer process for the review of the 98% version of the transfer agreement and a further 4 weeks to obtain Ministerial approval.

It should be noted that before a submission is made to the Welsh Ministers applying for consent to transfer, officials will require the **98%** version of the final Transfer Agreement with written confirmation from both parties that they are in a position to sign up to this submitted version, following Ministerial consent to transfer. A further four weeks should be included in the project plan to obtain Ministerial consent to transfer.

The outstanding 2% should consist of non contentious information such as supporting annexes and schedules along with information that can only be completed on the day of transfer. This 2% should not be used to conclude last minute negotiations in order for either party to obtain commercial gain.

Child protection

The local authority and proposed RSL should have an agreed protocol in place regarding child protection in potential eviction cases. This is to ensure that stock transfer does not compromise child protection.

Sale of HRA assets

In circumstances where Local Authorities have resolved to ballot its tenants on stock transfer proposals and is then seeking to dispose of HRA assets; in the interest of fairness and transparency; the Welsh Government is asking that the disposals are made as specific requests under section 32 of the Housing Act 1985. These will be considered on a case by case basis with the application being supported by a detailed business case and the disposal agreed by the Authority's Cabinet.

TEMPLATE GAP FUNDING OFFER LETTER

xxx

WELSH ASSEMBLY GOVERNMENT

GOVERNMENT OF WALES ACT 2006

OFFER OF FINANCIAL ASSISTANCE TO xx PURSUANT TO A LARGE SCALE VOLUNTARY TRANSFER BY xx OF HOUSING STOCK.

Introduction and interpretation

1. The Welsh Ministers have decided to offer financial assistance to xx whose registered office is xx (“the Recipient”) (“the Offer”) following the transfer to the Recipient on or about the date hereof of the housing stock of xx Council (“the Council”) (“the Transfer”) for the Project on the terms and conditions set out below pursuant to the Transfer Agreement. The Welsh Ministers acknowledge that the Recipient’s business plan (which sets out receipt of £xx million from the Welsh Ministers over a period of xx years) is predicated on the assumption that further financial assistance will be offered by the Welsh Ministers to the Recipient over that period.

2. In support of the Project and the Welsh Assembly Government policy of achieving the Welsh Housing Quality Standard the Welsh Ministers offer financial assistance to the Recipient until 05 April 20XX (“the Funding Period”). The Welsh Ministers currently intend to offer financial assistance up to the xxx anniversary of the date of this letter subject to the terms and conditions of this letter.

3. In this letter, except where the context requires otherwise:

“the Funding Period” is the period specified in paragraph 2;

“the recipient” means the Recipient or any successor Registered Social Landlord, which, having accepted this Offer, is responsible for receiving, expending and accounting for all amounts paid pursuant to this Offer;

“the business plan(s)” means the business plan dated XX and submitted by the Recipient and agreed by the Welsh Ministers, and any subsequent business plan submitted by the Recipient during the currency of the Funding Period and agreed by the Welsh Ministers. For the avoidance of doubt the Welsh Ministers will only agree a business plan which would not breach the terms of any loan agreement;

“the lender (s)” means initially XX as Agent for the Finance Parties as each term is defined in and pursuant to a loan facility agreement (“the Loan Agreement”) (as

amended, varied, replaced, supplemented or novated from time to time) to be entered into on or about this date between the Recipient as Borrower, XX plc as Arranger, XX as Original Lender, XX as Agent, XX as Overdraft Bank, and XX as Bond Provider (which expression shall include such respective successors in title, transferees and assignees of any such Finance Party (as that term is defined in the Loan Agreement) and any lender, agent or mortgagee under any refinancing agreement) or other funding agreement in respect of which the housing stock referred to above is granted as security from time to time;

"refinancing agreement" means any agreement or agreements from time to time relating to any refinancing and/or restructuring of all or part of the principal amount available under a loan facility agreement including for the avoidance of doubt an issue of loan debenture stock or Eurobonds or any refinancing using capital market products;

"loan agreement" shall bear the meaning set out above and includes any refinancing agreement;

"the Project" means:-

- (a) the due performance by the Recipient of its obligations under the Transfer Agreement and the Development Agreement, to improve, repair and maintain the dwellings which are the subject of the Transfer Agreement accepted from the Council at the date of the Transfer Agreement and to meet the Welsh Housing Quality Standard (as a minimum), improve services and work towards the regeneration of the area in which they are situated, as set out in the Transfer Agreement and the Development Agreement and included in the business plan of the Recipient; and
- (b) working towards ensuring that the properties transferred from the Council on or about the date hereof pursuant to a consent under section 32 to 34 and 43 of the Housing Act 1985 comply with the Welsh Housing Quality Standard by the year XX (unless the prior written agreement of the Welsh Ministers has been obtained to any variation of time in respect of this requirement);

"the Welsh Housing Quality Standard" means the standard as originally defined in the Welsh Housing Quality Standard-Guidance for Local Authorities on the Assessment Process and the Achievement of the Standard (2002) as may be amended from time to time by the Welsh Ministers but excluding those elements of the Welsh Housing Quality Standard which the independent stock condition survey identified as not practically achievable;

"the Development Agreement" means the Development Agreement on or about the date hereof and made between the Council and the Recipient for the refurbishment by the Recipient of the dwellings transferred by the Council pursuant to the Transfer Agreement;

"the Transfer Agreement" means the Transfer Agreement dated on or about the date hereof and made between XX Council (1) XX (2)

“Monitoring Report(s)” means a report prepared in writing by the Recipient and submitted to the Welsh Ministers by a date prescribed in the Offer which stipulates the progress by the Recipient has made against their business plan and the schedule of works set out therein, and forecasts the progress that will be made in the following financial year;

“you” (or **“your”**) means the Recipient; and

“we” (or **“us”**) means the Welsh Ministers.

The Offer

4. The Welsh Ministers pursuant to sections 60, 70 and 71 of the Government of Wales Act 2006 have agreed to enter into an arrangement with the Recipient by virtue of this Offer of financial assistance to the Recipient (and indemnity as set out at paragraph 22 below) to enable the Recipient to meet its obligations under the Transfer Agreement and Development Agreement and such further or other commitments as may be presented by the Recipient and which are from time to time approved in writing by the Welsh Ministers. The Welsh Ministers consider such financial assistance appropriate to support the promotion and improvement of the social well-being of Wales in relation to some of the residents of Wales.

5. Subject to the terms of this Offer being accepted by the Recipient, The Welsh Ministers will make:-

- (a) an initial payment of £XX reflecting the £XXm Major Repair Allowance for the financial year ending 5th April 20XX less the amount of £XX received by the Council by way of the Major Repair Allowance between April 20XX and the date of the Transfer, and
- (B) a further payment of £XX commencing on 6th April 20xx for the financial year ending 5th April 20xx.

For any offers of financial assistance for years beyond 20xx the funding period will be 2 financial years. The amount of any further funding which the Welsh Ministers will pay will depend upon satisfactory progress being made and compliance with offer terms and conditions. The Recipient will provide any information relevant to a consideration by the Welsh Ministers of the need for further offers of financial assistance by 30 November in each year commencing in 20xx. The Welsh Ministers will after consultation and in agreement with the lender(s) and the Recipient review and assess the need for further offers of financial assistance. As part of this consideration the Welsh Ministers will assess the Recipient's performance against the original assumptions on the Recipient's business plan(s) at transfer. The Welsh Ministers will conclude their review and inform the Recipient and the lender(s) of their decision no later than three months prior to 5th April 20xx and three months prior to any subsequent anniversary of this date for so long as any further funding is payable to the Recipient under the terms hereof.

Terms and Conditions

Payment arrangements

6. Subject to paragraph 7(b) the initial payment as referred to at paragraph 5(a) for the year ending 5TH April 20xx will be paid within 5 working days of the date of the Transfer Agreement with the further payments for the years ending xx as referred to at paragraph 5(b) being paid within 5 working days following 5th April and this is referred to at paragraph 7(b) below as the Payment Profile. Any offers of financial assistance offered, agreed and accepted for subsequent years will be paid within 5 working days from 5th April in each year thereafter provided the Recipient is in compliance with the terms and conditions of this Offer.

Progress and monitoring

7. (a) The Recipient will:-

- (i) use all financial assistance paid under this Offer for the purpose of the Project;
- (ii) make documents relating to the Offer available to the Welsh Ministers within 30 days of request and provide access to such documents at any reasonable time for inspection and scrutiny by the Welsh Ministers or their nominated representatives;
- (iii) ensure that it has obtained all necessary permissions and authorities (whether required by legislation or otherwise) to undertake the Project and all works and activities connected with the Project; and
- (iv) make satisfactory progress toward achieving the Welsh Housing Quality Standard.

(b) The Welsh Ministers reserve the right, after consultation with and with the agreement of the lender(s) and the Recipient to vary the Payment Profile defined in paragraph 6 above.

8. Monitoring Reports must be submitted by the Recipient to the Welsh Ministers by 30th November in each year that financial assistance is paid. Incomplete or incorrect reports will be returned to the Recipient for correction and resubmission within 10 working days.

Review of business plan(s)

9. The Welsh Ministers upon receipt of the Monitoring Reports will review the Recipient's performance against the assumptions and forecasts for future expenditure and income set out in the Business Plan(s). There is an expectation that there should be out-performance against the original business plan assumptions in respect of the housing stock of the Council which were agreed with the Welsh Ministers at the date of the Transfer.

Transfer

10. This Offer and all rights under it may be transferred by the Recipient to any successor Registered Social Landlord, which, having accepted this Offer, is responsible for receiving, expending and accounting for all amounts paid pursuant to this Offer.

Re-financing

11. (a) Where a proposal is made by the Recipient to re-finance existing loan facilities with one or more new lender(s) or extend finance arrangements with an existing lender(s) the Welsh Ministers will be notified by the Recipient in writing immediately and before any such proposals are acted upon. For the avoidance of doubt, for the purposes of paragraph 11(a) a re-finance will not take place upon any sub-participation or syndication of any loan agreement (or any change to the syndication of an existing loan agreement).
- (b) The Welsh Ministers will in consultation with and the agreement of the lender(s) and the Recipient consider the implications for the business plan(s) and any future requirements for financial assistance of any proposals notified in accordance with paragraph (a).

Financial controls

12. The Recipient must:
- (a) seek agreement from the Welsh Ministers (such agreement not to be unreasonably withheld or delayed) and the lender(s) in respect of any proposed significant changes to the phasing of investment that would adversely impact on delivering the Welsh Housing Quality Standard in accordance with the business plan and within the agreed budget;
 - (b) maintain and operate effectively all relevant monitoring and financial management systems, in order to control expenditure and ensure that the costs of implementing the Project are properly incurred and can be clearly identified;
 - (c) ensure that the Project architects, surveyors and other consultants appointed for the Project competently perform all services relating to the monitoring, control and certification of works and expenditure;
 - (d) retain all accounting records relating to the Project expenditure for a period of at least six years and for the purposes of this paragraph accounting records include accounts, deeds, writings and documents on paper or in electronic form. The Recipient must make these available at any reasonable time for inspection by the Welsh Ministers or their nominated representatives;
 - (e) ensure that all relevant statutory procedures, EU State Aid requirements (of which the Welsh Ministers may notify the Recipient from time to time) and English and Welsh legislation is complied with.

Value for money and procurement requirements

13. The Recipient must secure value for money in all transactions for the procurement or purchase of works, goods and services and comply with the relevant European procurement rules. In accepting this Offer, the Recipient warrants that this requirement has been followed in awarding all contracts already entered into in connection with the Project.

Income and other contributions

14. In determining the Offer of financial assistance necessary to support the business plan(s) of the Recipient, the Welsh Ministers have taken account of such estimates of income, receipts and grants specific to the Project which are to become available to the Recipient as outlined in the business plan(s) agreed with the Welsh Ministers at Transfer. If at any time during the Funding Period the Project attracts or fails to attract income, receipts or grants significantly in excess or in deficit of these amounts, the Recipient must notify the Welsh Ministers in writing as soon as possible and state the amounts received or to be received.

15. If any asset transferred to the Recipient under the Transfer Agreement is sold (other than to those holding a tenancy agreement for an individual dwelling) and the Recipient receives a benefit outside of its business plan(s) the Recipient must notify the Welsh Ministers in writing as soon as possible and before entering into any commitment. The Welsh Ministers may after consultation with and with the agreement of the Recipient and its lender(s) reduce the overall length of the Funding Period.

Conflicts of interest and financial or other irregularities

16. Employees of the Recipient and any other persons consulted about the Project must be careful to avoid conflicts of interest. The Recipient must set up formal procedures to require all such persons to declare any personal or financial interest in any matter concerning the Project and to be excluded from any discussion or decision-making relating to the matter concerned.

17. If the Recipient has any grounds for suspecting financial irregularity in the use of the financial assistance received by virtue of this Offer, it must notify the Welsh Ministers immediately, explain what steps are being taken to investigate the suspicion, and keep the Welsh Ministers informed about the progress of the investigation. For these purposes "financial irregularity" includes fraud or other impropriety, mismanagement, and the use of monies received pursuant to this Offer for purposes other than those for which it has been provided.

Breach of conditions and withholding or recovering monies pursuant to this Offer

18. If the Welsh Ministers have concerns relating to compliance with these terms and conditions they will initially set these out in writing to the Recipient, copying such written communications to the lenders, seeking reassurances. If matters are not satisfactorily

resolved the Welsh Ministers or their officials will meet with the Recipient and its advisers and the lender(s) to explore their concerns.

19. In the event that it becomes necessary to take steps to enforce these terms and conditions the Welsh Ministers will notify the Recipient and its lender(s) in writing of their concerns about the Project or of any breach of any term or condition of this Offer and within a reasonable time, depending on the severity of the problem and in any event unless the Welsh Ministers agree otherwise (acting reasonably) in writing, not later than 30 days after the receipt of the notification of breach, the Recipient must take steps to address the Welsh Ministers' concerns or rectify the breach.

20. If the Recipient fails to comply with any of the terms and conditions of this Offer, or if any of the events mentioned in paragraph 21 occurs to the extent that they are within the Recipient's control and where it has not been possible to agree a course of action to remedy the situation, the Welsh Ministers may after full and considered consultation with the Lender(s) review this Offer and may with the agreement of the Lender(s) acting reasonably reduce, suspend, or withhold monies or require all or any part of the financial assistance pursuant to the Offer to be repaid within an agreed timescale following demand for payment.

21. The events referred to in paragraph 20 are as follows:

- (a) the Monitoring Reports fail to demonstrate to the satisfaction of the Welsh Ministers that the Recipient is making satisfactory progress against the latest business plan(s);
- (b) through poor project management the costs of the Project are escalating to an extent that, in the opinion of the Welsh Ministers, is unacceptable;
- (c) the Recipient fails without good cause and persistently to submit Monitoring Reports on time;
- (d) other circumstances have arisen or events have occurred which are likely to affect the Recipient's ability to complete the Project in a satisfactory manner;
- (e) the Recipient's lender(s) are no longer satisfied that funding covenants are being met and are no longer permitting the draw down of funds;
- (f) the Recipient is not making satisfactory progress towards fulfilling the commitments to its tenants and the Council set out in the Transfer Agreement and the Development Agreement;
- (g) the Recipient makes any significant and material change to the Project without prior notification to the Welsh Ministers or, where an unnotified change can be reversed, fails to reverse it if asked by the Welsh Ministers (acting reasonably) to do so;
- (h) in support of this Offer, the Recipient or anyone on its behalf has provided, or provides, information that is in any significant respect incorrect, incomplete or otherwise misleading;

- (i) the Recipient takes inadequate measures to investigate and resolve any material reported irregularity;
- (j) the Recipient is the subject of a voluntary arrangement; or has a petition for an administration order or a winding up order brought against it; or passes a resolution to wind up; or makes any composition, arrangement, conveyance or assignment for the benefit of its creditors, or purports to do so; or is subject to the appointment of a receiver, administrator or liquidator; or (where applicable) is struck from the register at the Charity Commission, or, if it is a company is struck from the register at Companies House;
- (k) the Recipient purports to transfer or assign any rights, interests or obligations arising under this Offer without the agreement in advance of the Welsh Ministers other than to its lender(s) or any assignee or transferee of its lender(s) (or any security trustee or agent appointed by the lender(s))

Indemnity

22. (a) The Welsh Ministers acknowledge that the Recipient's business plan assumes full recovery of input VAT to be incurred by the Recipient in connection with complying with its obligations under the Development Agreement ("the Works VAT") in line with current HM Revenue and Customs ("HMRC") guidance and where the following conditions are met:-
- (i) the Transfer Agreement contains an obligation on the part of the Council to refurbish properties;
 - (ii) the scope and quantum of the works are agreed prior to Transfer, and
 - (iii) the works in question are supplied to the Council.
- (b) The Welsh Ministers covenant to pay to the Recipient an amount equal to:-
- (i) any amount of Works VAT as cannot be recovered by the Recipient from HMRC, or, if recovered, is subsequently clawed back by way of payment or repayment to HMRC (by way of set-off or otherwise) (together with interest, costs or penalties),
 - (ii) the amount by which the corporation tax payable by the Recipient increases as a consequence of the VAT recovery arrangements outlined above (together with interest, costs or penalties); and
 - (iii) the Recipient's costs of obtaining and maintaining finance to meet the expenditure incurred in connection with 22 (b) (i) and 22 (b) (ii) above in advance of payment to the Recipient pursuant to this Paragraph 22.

(c) Payment shall be made to the Recipient under this paragraph 22 so as to permit the Recipient to meet any demands by HMRC and in any event within 30 days of demand by the Recipient.

(d) The period during which any amount is payable under this Paragraph 22 is limited to a period of xx years from the date of the transfer and the aggregate amount payable under this Paragraph 22 shall not exceed £xxxxxxxx

23. For the avoidance of doubt it is agreed that paragraphs 5 to 21 of this Offer shall not apply to the obligations of the Welsh Ministers in paragraph 22 above.

Acceptance of Offer

24. Please sign two copies of this Offer in the space indicated below and return one of the copies to this office. The other copy should be retained for your records.

25. I am sending a copy of this letter to xxxxxx at xxxxxx Council (local authority principal contact) to whom I would be grateful if you would also send a signed copy of the document.

Signature:

Name:

Position: Head of Housing Operations

Date:

On behalf of xx I accept the Offer contained in this letter and agree to comply with the terms and conditions on which the offer is made.

Signature:

Name:

Position:

Date: