**2015-18 AHP Heads of Terms FAQs**

With the launch of the prospectus in January 2014, we undertook to publish a Heads of Terms (HoTs) for the standard form of contract for the delivery of the 2015-18 AHP.

Bidders are advised to read and familiarise themselves with the Heads of Terms, as matters set out early in the HoTs are returned to in further detail in subsequent sections.

In response to general feedback on the contract for 2011-15, and taking into account recent consultation on these Heads of Terms with a small group of providers, we have sought to streamline the contract aiming to improve the sequential flow to the document. The contract also reflects the simplified approach to the payment of firm scheme grant.

In common with the AHP 2011-15, the final form of contract for bodies other than ex RSLs will include some different/additional provision to reflect the specific nature of the Grant Recipient (e.g. Local Authority, developer) and/or to reflect consortium arrangements.

**Q. Will there be Short Form of Agreement under the 2015-18 AHP?**

A. Yes. It is the Agency’s intention to continue with the principle of the Short Form of Agreement in order to accommodate Registered Providers that want to bring forward Affordable Rented properties without grant or conversions. All Registered Providers must have a ‘new supply’ agreement in place with the HCA to charge an Affordable Rent in order to comply with the Tenancy Standard.

**Q. The Heads of Terms say that under no circumstances will the Agency be required to accept any change which would have the result of increasing the amount of Allocated Grant or the Firm Scheme grant. If we want to increase the number of homes on a scheme will we be able to request additional grant to support this?**

A. Yes such requests can be made. The contract will make provision for the addition of units and will entitle the Agency to recalculate the capital grant allocated to a firm scheme. Such proposals can be made through a Programme Change Notice in IMS. The Agency will consider all such requests on their individual merit.

**Q. Does the contract contain a trigger for the recalculation of grant?**

A. Yes. The trigger for the recalculation of grant is a material change.

Examples of material changes that result in the recalculation of grant for a firm scheme include, but are not restricted to, a change to the number of units agreed to be delivered; a change in the tenure balance from affordable rent to affordable home ownership and changes to the cost contribution.

Other examples are where there is a material change in the cost contributions, such as the grant recipient increases the contribution from Recycled Capital Grant Fund which could result in a reduction in the amount of grant attributable to the firm scheme (if the provider is not proposing to deliver additional units).

The mechanism for triggering a change and recalculating grant or number of units is a Programme Change Notice via the Agency’s IMS system.

**Q. Will the full contract contain details on what constitutes a Milestone Extension event ?**

A. The full contract will list relevant Milestone Extension events.   The Agency will also act reasonably in considering proposed changes to forecast milestone events that are demonstrably outside the control of the Grant Recipient, and where all reasonable actions have been taken by the grant recipient to achieve their forecast milestone events.  It should be noted that all affordable homes must be delivered by the end of March 2018.

**Q. How will the baseline for the agreed number and profile of units to be delivered be set and how is that monitored?**

A. The schedule to the contract will include all the AHP 2015-18 allocations and set the baseline delivery position with Grant Recipients. This baseline will include total units and total grant required to deliver the programme of schemes, and for example where appropriate, the number of homes to be delivered for supported housing.

Allocations awarded at the outset of the programme will form a schedule to the contract against which the Agency will performance manage contracted providers. Progress to deliver the schemes will be reported on quarterly via the ‘Officer’s Certificate’ in IMS, which forms the basis for discussions at quarterly review meetings.

**Q. How do we bring nil grant units into the programme and will this reduce our overall grant for our programme?**

A. Nil grant units on firm schemes can be submitted as part of the initial bid. Throughout the programme period additional nil grant schemes can be added to the programme, agreed through a Programme Change notification. In itself, any such change will have no impact upon the overall grant payable to a partner for the programme. There is no Agreed Payment Rate for the 2015-18 AHP; instead payment is on a scheme by scheme basis.

**Q. What are the on- going obligations of the Grant Recipient in relation to satisfying planning conditions in order to claim grant?**

A. These are detailed in the Heads of Terms under ‘Delivery and Operational Obligations.’ Part (g).

The Start on Site milestone is defined in the Affordable Housing Capital Funding Guide (AHCFG), and the grant claim is trigged by the date when the building contractor takes possession of the site; the building contract has been signed and dated by the relevant parties and works have commenced. If providers proceed with start on site (and if applicable claims grant) without having discharged all planning conditions, the HCA consider that they do so at their own risk. Should the planning authority subsequently decide not to sign off planning conditions and there were some extended delays on site or the properties could not be occupied as intended, subject to consideration of individual timescales and circumstances, any grant may become repayable.

The Practical Completion milestone is defined in the AHCFG and is a payment milestone for all Investment Partners. The milestone event occurs when a scheme has completed in accordance with the terms of the relevant building contract and the AHP 15-18 contract and is fit for occupation as a residential development. The AHCFG set outs that at this stage any planning conditions or reserved matters should be signed off. In the event that the Investment Partner is unable to obtain all necessary consents they must have evidence that they have taken all necessary steps to obtain them; are waiting only for the relevant authority to issue them and is not aware of any reason why such consents will not be given or issued. The evidence will inform the partner’s view of the risks of claiming practical completion grant.