

TARGETED BASIC NEED PROGRAMME 2013-15

GRANT FUNDING AGREEMENT FOR LOCAL AUTHORITIES IN RECEIPT OF CAPITAL GRANT

1 AUGUST 2013

Introduction

1. This Funding Agreement sets out the terms and conditions for the payment by the Secretary of State for Education of a grant to the respective Local Authority out of monies voted by Parliament. It should be read in conjunction with the grant approval letter and any annexes.
2. For the purposes of this Funding Agreement:

'Secretary of State' means the Secretary of State for Education;

'the Department' means the Department for Education;

'the EFA' means the Education Funding Agency

'financial year' means the 12 months from 1 April to 31 March;

'grant' means monies made available by the EFA.

Amount and Purpose of Grant

3. The project being funded, including the value of the grant, is described in Annex B to this Funding Agreement. The grant by the Secretary of State will be pursuant to Section 14 of the Education Act 2002 and will accordingly be paid only in respect of approved expenditure incurred by the local authority for the purpose of delivering the project described in the approval letter.
4. Payment of grant shall be subject to the conditions and requirements in this Funding Agreement and to such further conditions and requirements that the Secretary of State may from time to time specify.
5. This is a capital grant and thus must be used exclusively for capital expenditure. Examples of capital expenditure are in Annex A. If there is any doubt about whether expenditure can be funded from this grant, the authority should seek local advice (e.g. from auditors).

General terms and conditions

6. The Local Authority will be required to deliver the agreed project. The Local Authority is responsible for putting in place appropriate information, monitoring and internal reporting systems to secure delivery and which ensure that the funding provided by the EFA is spent on the agreed project and in line with the terms and conditions of grant.

7. The Local Authority must seek prior approval from the Secretary of State before committing to additional costs, not covered by the original approval letter. Such approval may be withheld.
8. The approved funding for the relevant financial year should be fully expended by 31 August following the financial year in which the grant is paid. Any underspend or surplus funds after the completion of the projects should be notified and will be subject to reclaim by EFA. It is not intended to allow surplus funding to be used to extend the scope of projects or to deliver other projects.
9. The EFA and/or its representatives will monitor the progress being made in respect of delivering the project. If progress is deemed unsatisfactory or there is significant alteration to the specification and outputs described in the project bid, following discussion with the Local Authority, the EFA and/or its representatives, reserve the right to suspend or withdraw funding for the project.

Payment of grant (Scheduled Funding)

10. The total amount of grant paid to the Local Authority will not exceed the amount of funding shown in Annex B of this Funding Agreement. The grant is calculated net of VAT.
11. The proposed funding profile is shown at Annex B which is intended to provide funding as the requirement arises rather than in advance of need. Local Authorities should take account of VAT requirements in the phasing of the funding requirement profile.
12. The EFA and/or its representatives will pay the agreed allocation in accordance with the agreed profile. Funding profiles can be kept under review and may be revised following a reasonable request from the LA. The EFA reserves the right to vary the funding profile if it considers appropriate.
13. If the project is dependent on other sources of funding to complete this project, then the LA must take appropriate action to ensure that this third party funding will be received and applied to the project to the agreed schedule. The EFA will not play any role in supporting the LA's ability to secure the third party funds. If the project is not completed due to shortage of third party funding, the whole of the grant paid to date to the LA may be repayable to the EFA.

Procurement and contractual issues

14. The Local Authority shall follow appropriate legal requirements and best practice in regard to all aspect of this project including (but not limited to) the procurement of goods and services in support of delivering the agreed project, processes for managing the project, governance and internal control systems, managing conflicts of interest and record keeping.
15. The Local Authority is responsible for entering into contracts and agreeing specifications of works that are appropriate to secure the outputs set out in the original project proposal and ensuring that the works undertaken are delivered to quality standards and will have a lasting benefit to the school and community. The EFA will not provide additional funding to rectify substandard work relating to the project.

Accountability

16. The Local Authority shall ensure that any grant from the Secretary of State is used only in accordance with the terms of this Funding Agreement and on the project described in the associated approval letter. If the Local Authority does not comply with any of the conditions and requirements referred to in this Funding Agreement, or the project does not accord with the original specification or has not been completed, then the Secretary of State retains the right to stop future funding and by notice in writing require the Local Authority to repay all or any part of grant paid to it under this Funding Agreement.
17. The Section 151 Officer of the Local Authority will be required to complete an "End of Financial Year Outturn Certificate", at the end of the financial year. This will confirm that the funds have been applied for the purposes provided, and spent in accordance with the terms and conditions of grant. The EFA will send the "End of Financial Year Outturn Certificate" in the September following the end of the financial year in which the grant is paid with instructions for signature and return.

Audit arrangements

18. The books and other documents and records held by the Local Authority relating to the expenditure of this capital grant shall be open to inspection by the Secretary of State, his representatives and by the Comptroller and Auditor General (National Audit Office) as necessary.

Disposal of assets and change of use

19. The Local Authority shall consult the Secretary of State if it proposes to dispose of, or change the use of, an asset which has been financed wholly or developed with grant from the Secretary of State or which has been substantially improved by the use of such funds.

Changes to the EFA's requirements

20. The EFA will notify you of any changes to the EFA's activities which are supported by the grant. You will try to accommodate any changes to the needs and requirements of the EFA under this Grant Agreement.

Amendment or variation or termination of the grant

21. No amendment or variation to this Grant Agreement shall be effective unless it is in writing, agreed and signed by those authorised to do so on behalf of each of the parties.
22. In the event of any material breach of the Grant Agreement by either party, the other party may serve a notice on the party in breach requiring remedial action to be taken within a specified period, to allow a remedial plan to be agreed in writing by both parties. If the breach has not been remedied as per the remedial plan, this Grant Agreement will be terminated with immediate effect on receipt of notice in writing.
23. In the event of a change of Government or in policy direction, this Grant Agreement may be terminated by the EFA with immediate effect by notice in

writing (such notice period as will be reasonable in all the circumstances), in accordance with the above.

Transfer of Responsibility on Expiry or Termination of the Grant

24. You should provide the EFA with whatever support it needs (e.g. delivery of relevant documents and data) to ensure a smooth transfer of responsibility prior to early termination or transfer of the grant funded activities.
25. A plan detailing arrangements for the transfer of any work in progress should be delivered six months prior to expiry, or within one month of the service of notice of termination.

Consequences of termination and support for transfer of responsibility

26. Nothing in this Grant Agreement shall affect any provision of this Grant which is expressly or by implication intended to apply or continue to apply upon termination of this Grant Agreement, for any reason.
27. If the EFA terminates this Grant Agreement, in accordance with the above clause, it will pay reasonable costs incurred in respect of the services performed prior to the date of termination. Reasonable costs will be identified and agreed by the two parties as soon as possible. You should efficiently assess, and seek to mitigate these costs.
28. The EFA will not be liable to pay any of your costs or those of any subcontractor related to any transfer or termination of the employment of any employees engaged in the provision of the funded activities prior to the date of termination. Upon receiving notice of termination, you will review the agreed exit plan with the EFA.

Liability

29. The EFA makes no commitment to renewing or continuing funding after the term of this Grant Agreement. You must not assume that funding will continue beyond the period stated in the Grant Offer Letter(s) or that the EFA will be liable for any additional cost, such as to cover the costs of redundancies, pension etc. at the conclusion of this Grant Agreement.

Interpretation

30. Questions arising on the interpretation of the arrangements in this Funding Agreement shall be resolved by the Secretary of State or his representatives after consultation with the Local Authority.

Annex A – Capital Grants

Capital grants can only be used to fund capital costs.

Typical capital costs are building construction and improvements and associated fees such as architects and project managers, purchase of assets which will last a number of years such as ICT or bulk furniture.

Typical revenue costs (which capital grant can not fund) will include insurance, teaching supplies, recruitment costs, small equipment such as replacement learner desks, ICT supplies and building maintenance.

Advice should be sought from local auditors when there is a doubt about whether a cost can be charged to capital or revenue.