

## Appendix 3

### Grants for Acceptance

|          | Scheme name / summary description of key terms  | Funder                 | Value<br>£'000 |
|----------|---|------------------------|----------------|
| <b>A</b> | <b>Transport Regeneration &amp; Climate Change</b>  |                        |                |
|          | <p><b>Clean Air Zone – Stretch Funding Grant (Up to £2m)</b></p> <p><b>Background</b></p> <p>In April 2023 the Department of Transport (DfT) advised Local Authorities and major bus operators that initial research showed that there was variance in the performance of retrofitted buses and that in some circumstance these were not operating at the accredited Euro VI standard.</p> <p>The Council were advised by DfT and the Joint Air Quality Unit (JAQU) to pause CAF financial support for retrofits until outcomes of their research were known. Funding locally and nationally for bus retrofits remains paused until DfT share their research outcome report. On the 19th January 2024 DfT / JAQU invited Sheffield City Council to bid for £2m of the £7.9m stretch fund allocated as part of the Clean Air Plan financial support grant award in February 2020. A conditional bid was submitted and on the 19th February the Joint Head of JAQU wrote confirming their intention to award the £2m requested. Details of expenditure use are to be confirmed alongside further ongoing discussions with Government in respect to funding to support bus fleet improvement.</p> <p><b>Financial Implications</b></p> <p>Key features of the Grant terms and conditions are summarised below. The Service Grant Manager will need to read, understand, and comply with all of the grant terms and conditions and develop an exit strategy to ensure that there are no ongoing unfunded costs when the Grant ends.</p> <ol style="list-style-type: none"> <li>Grant (up to £2m) can only be used for purposes that a capital receipt may be used for (S11-LG Act 2003).</li> <li>Chief Executive and Chief Internal Auditor to sign/return an audit declaration (by 31/3/25)</li> <li>If SCC fails to comply with the grant conditions then the grant may be subject to clawback.</li> </ol> | Joint Air Quality Unit | 2,000          |

4. Reporting, monitoring and evaluation of measures in the local plan to be done by SCC/RMBC as per JAQU guidance
5. Submit quarterly monitoring reports detailing progress with local plan implementation until a year after compliance is demonstrated (next report- 30/6/24)
6. Evidence may be required for use of funding, e.g. contracts, contractor reports, invoices and timesheets (and so SCC should maintain these)
7. Any project changes must be discussed with JAQU as soon as possible and any substantial change may require a variation.
8. SCC must inform JAQU of any external circumstances that would prevent you from delivering this project in the way intended.

#### **Commercial Implications**

All public sector procurement is governed by and must be compliant with the Grant Agreement and UK National Law. In addition, all procurement in SCC must comply with its own Procurement Policy, and internal regulations known as 'Contracts Standing Orders' (CSOs).

CSO requirements will apply in full to the procurement of services, goods or works utilising grants. All grant monies must be treated in the same way as any other Council monies and any requirement to purchase / acquire services, goods or works must go via a competitive process. The Service Grant Manager will need to contact the Commercial Services Team for detailed guidance on adherence to these rules when spending the Grant.

#### **Legal Implications**

According to Part IV of the Environment Act 1995, there is a legal requirement on the Council to have regard to any national strategy on clean air published by the Secretary of State. On 24 February 2020, the Secretary of State in exercise of powers conferred under Section 85(5) of the Environment Act 1995, directed this Council to take steps towards implementing the local plan for nitrogen dioxide compliance for Sheffield, and ensure the local nitrogen dioxide compliance is implemented so that exposure to levels above the legal limit for nitrogen dioxide, are reduced as quickly as possible, and by 2023 the latest. Section 85(7) of the Environment Act 1995, places a duty on the Council to comply with that direction from the Secretary of State.

This £2 million grant from DEFRA could financially assist the Council with meeting its legal obligations set out in this report. To accept the grant, the council will have to enter a grant agreement with DEFRA that sets out terms and conditions on which they will give the funding. The grant agreement allows DEFRA to reduce, suspend, withhold (and in cases where notification is given, claw back) payment, if the grant is not used for purposes of capital receipt, or if the council's Chief Executive and Chief Internal Auditor do not provide a signed declaration on 31 March 2025 confirming that in their respective opinions, the conditions of funding have been complied with in all significant aspects. The grant agreement also sets out requirements for reporting, monitoring and evaluation of measures in the local plan, with the first report submission being expected by 30 June 2024.

Decisions relating to spend will require further careful consideration and further approval; however the council may use its general powers under Section 1 Localism Act 2011 to accept the grant, enter the grant agreement and become the Accountable Body. Section 1 of the Localism Act 2011 allows the council to do anything that an individual may do, provided the council is not prohibited by other legislation; this power must be exercised within the limits specified in this Act.

**Communities Parks & Leisure**

**Shirebrook Species Survival Fund**

**Background**

The Species Survival Fund developed by Defra in partnership with the National Heritage Memorial Fund (NHMF), has awarded a grant of £1,112,155.00 to Sheffield City Council who will be leading a partnership with other organisations to encourage species abundance across a 182ha project area in the South- East of the City. The project aims to support habitat creation and restoration/enhancement. The 'Species Stacking the Shire Brook Valley' project will help to tackle nature and climate emergencies through improvement and creation of species-rich grasslands, wetland habitats, management of invasive non-native species (INNS), installation of wildlife and access infrastructure. It will create new job posts and deliver an activity programme to engage communities of Sheffield in nature for wellbeing.

The Grant Agreement provides a detailed operational breakdown of activities and costs that are eligible to be funded by the Grant (see details).

National Heritage Memorial Fund

1,112.1

This portion of the overall grant is worth circa 74% of the overall approved project's costs (£1,503,175). The remaining 26% will be provided by match funding (£390,757) derived from several additional stakeholders including SCC, detailed in the grant agreement

### Financial Implications

- There is a mixture of capital and revenue grant totalling £1,112,155 paid to Sheffield City Council ("SCC") from National Heritage Memorial Fund (administered on behalf of the Department for Environment, Food & Rural Affairs 'DEFRA') (the "Funder").
- The approx. Revenue/Capital split is as follows\*:

|         |  |
|---------|--|
| Capital | Approx £573,881 (74% of £775,515)                        |
| Revenue | Approx £536,944 (74% of £725,660)                        |
| Total   | £1,112,155 (74% of the total project cost of £1,503,175) |

\*Provisional figures subject to change due to contingency elements such as inflationary pressures not being split between Capital and Revenue funding at the application stage.

- The Grant will be treated as Conditional and will be subject to clawback if the Grant terms and conditions are not complied with (see details).
- Grant Commencement Date: Upon obtaining permission to start project by funder (see details)
- Grant End Date: Project completion report to be submitted by 28th Feb 2026 – terms of the grant contract valid for 10 years from the completion date.
- SCC will be making grant payments to third parties, and therefore SCC must ensure any third parties comply with the terms of the Grant Agreement.
- SCC and the Funder agree that payment of Grant is not consideration for a supply for VAT purposes. If the payment of the Grant is deemed at a later stage to be a supply, then the Grant is inclusive of VAT.
- Eligible expenditure is net of VAT recoverable, and the Grant is out of scope for VAT.
- Payment is made on the following terms:
- SCC is to comply with the following requirements specified in the Grant Agreement:
  - the accounting audit, monitoring and reporting requirements (see details);
  - the documentation, records and evidentiary requirements (see details);
  - the data protection, information and publicity requirements (see details);
  - the detailed performance management and key performance indicator requirements (see details); and
  - the insurance requirements (see details).
  - Co-operate with the funders appointed external auditor.

- If SCC underspends against the Approved Project Costs, the funder will reduce the final Grant payment. The amount will be in proportion to their Grant contribution. Additionally, if SCC has received monies totalling more than the expenditure upon completion, it commits returning the difference to the funder.
  - Any overspend will not be covered by the funder and will be SCC's responsibility to cover any shortfall in both Capital and Revenue expenditure.
  - SCC commits to repay the grant in the event of default (See details)
- Risks:
- There is a risk that a portion of the projects overall funding will not be secured, this equates to: £5k from income generated through fundraising activities and £40.3k that is dependent on volunteers offering up their time to work on the project.
  - The funder commits to payment of the grant for as long as the National Heritage Memorial Fund has 'enough' funds made available by DEFRA.

#### **General Terms and Conditions**

- SCC must only use the Grant for the Project and associated eligible expenditure, as specified in the Grant Agreement.
- SCC must not use the Grant for a range of purposes (see details).
- SCC must comply with the risk management obligations contained in the Grant Agreement and maintain an appropriate risk register (see details).
- SCC must evidence due diligence to manage fraud risk and data on key performance indicator progress.
- SCC may use grant with third party finance or SCC revenue budget to deliver additionality.
- Either party, may terminate the agreement with at least 3 months written notice.

SCC will ensure the use of the Grant does not breach any subsidy controls, legislation or international regulation.

#### **End of Project Requirements**

- Final reports: closure letter, signed declaration, final report by 28th Feb 2026
- The Grant maybe subject to External Audit and where requested an audit by an independent reporting accountant.
- Chief Executive and Chief Internal Auditor maybe required to sign a declaration at the end of the Project.
- The Grant Agreement does not explicitly refer to any prescribed retention period, however the grant terms are imposed for 10 years from the completion date. This will be assumed as the retention date as it supersedes SCC's standard of 7.
- The Grant Agreement is not intended to establish any partnership, joint venture or relationship of employment between SCC and the Funder, constitute either party as

the agent of the other party, nor authorise either SCC or the Funder to make or enter any commitments for or on behalf of the other party.

**Legal Implications**

The council has a range of statutory powers and duties that affect habitat and wildlife protection and maintenance in its region, some are set out in Wildlife and Countryside Act 1981 (as amended by the Countryside and Rights of Way Act 2000) and the Environment Act 1995. Accepting this grant from the Species Survival Fund will allow the council to further develop this work.

The council has a general power under Section 1 of the Localism Act 2011 to do anything that an individual may do, provided it is not prohibited by other legislation and this power must be exercised within the limits specified in this Act. The Council may use this power to accept the grant of £1,112,155.00 and become the Accountable Body upon receipt of the grant.

The Council will have to enter a legally binding grant agreement with the National Heritage Memorial Fund that will be reviewed in advance of signing. The grant agreement's terms obligate the council to use the grant appropriately, lawfully and in proper delivery of the project with the consequence of claw back, suspension or termination of funding depending on the severity of any non-compliance. Financial implications (above) give more specific details of contents in the grant agreement.

|          |                                       |  |
|----------|---------------------------------------|--|
| <b>C</b> | <b>Waste and Street Scene</b>         |  |
|          | None                                  |  |
| <b>D</b> | <b>Adult Health &amp; Social Care</b> |  |
|          | None                                  |  |
| <b>E</b> | <b>Housing</b>                        |  |

|          |  |  |  |
|----------|--|--|--|
|          | None                                     |  |  |
| <b>F</b> | <b>Education Children &amp; Families</b> |  |  |
|          | None                                     |  |  |
| <b>G</b> | <b>Strategy &amp; Resources</b>          |  |  |
|          | None                                     |  |  |
| <b>H</b> | <b>Economic Development &amp; Skills</b> |  |  |
|          | None                                     |  |  |

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