

Name: xxx

Address:
xxx



Department for Transport

Office Address: Department for
Transport, Great Minster House,
Horseferry Road, London, SW1P
4DR

Email: advancedbiofuelscomp@ricardo-aea.com

XX July 2015

Dear xxx

Accountable Grant Arrangement

CAPITAL GRANT UNDER THE ADVANCED BIOFUELS DEMONSTRATION COMPETITION

Project Name: xxx

Reference Number: xxx

1. The Secretary of State for Transport is prepared to make a capital grant not exceeding, £xx (xxx Pounds Sterling) or x% of total eligible costs to you in connection with the project identified above, the details of which are contained in the attached Phase 2 application form ("**the Project Proposal**") for the Advanced Biofuels Demonstration Competition ("**the Scheme**").
2. All correspondence concerning this letter should be sent to your nominated Monitoring Officer ("**MO**") [xxx] and referenced with the Project Name and Reference Number above.
3. The grant is offered under section 5 of the Science and Technology Act 1965 for the purpose of demonstrating advanced biofuels production in the UK.

PROVISIONS

4. The grant is offered to you to contribute to certain costs (see paragraphs [5 to 8]) ("**Eligible Costs**") where those costs are necessarily and properly incurred by you in undertaking the construction of an xxx in accordance with the Project Proposal ("**the Project**").

5. Subject to paragraph 7, the Eligible Costs are the costs specified in the Scheme's Phase 2 Guidance Document dated [****] 2015 issued by Ricardo-AEA and E4techon ("**the Delivery Partners**") on behalf of the Secretary of State ("**the Guidance Document**") and the project costs section of the Project Proposal.
6. The Eligible Costs are limited, in all cases, to costs which are:
 - a) incurred between the date you sign this grant offer letter and [31 March] [2018] (inclusive); and
 - b) eligible costs within the scope of Article 41 of Commission Regulation (EU) No. 651/2014¹ ("**the Block Exemption**") (see the state aid section of this letter).
7. Under no circumstances may the grant be claimed or used for the non-eligible costs listed in the Guidance Document.
8. Funding for this grant is only available during the [*three*] financial years ending on 31 March [2018]. In no circumstances, therefore, can the grant be used to cover costs incurred after the end of that financial year. It is consequently a fundamental condition of the grant that you comply with all relevant requirements of this letter on or by the deadlines specified.

[The original paragraph 9 which derived from the Defra draft appears to have been designed by Defra to accommodate an interim public spending review prior to the long-stop date specified in paragraph 8. Hence the original paragraph 9 serves no purpose if it merely specifies the same date as that specified in paragraph 8. In any event, the original paragraph 9 is rendered otiose by the separate right contained in what is now paragraph 53, derived from another precedent, to terminate at any time on 28 days' notice. Hence the original paragraph 9 can now be deleted altogether].
9. The Secretary of State is under no obligation to provide you with any further funding in respect of the Project or for any other purpose.
10. The offer of the grant is conditional on you providing the Secretary of State with the following information and evidence, in a form reasonably satisfactory to the Secretary of State:
 - a. Evidence confirming that you can defray the balance of the Eligible Costs from sources other than public funds so as to satisfy the Secretary of State that you can comply with the requirements of the Block Exemption in accordance with paragraph 28;
 - b. Evidence that you have obtained at least 3 competitive quotes for the provision of all goods and services with a cost of £5,000 or more. In cases where this is not possible, if you follow a single tender procedure for example, where the value of a contract is very low or where there is only one supplier capable of providing the goods or services concerned, you

¹ Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.06.14, p.1)

must keep a record of the reasons why that procedure was thought to be appropriate;

- c. Evidence confirming that planning permission has been granted wherever necessary, and that all other third party consents required for the Project have been obtained;

[Query if it will be practical to require (b) and (c) as pre-conditions of the grant offer. Will the applicant seek competitive tenders and planning permission in advance of securing funding commitments? Have we asked the applicant to do so as part of the second stage of the grant application? If not, these requirements may have to be redrafted as pre-conditions of drawdown ie relegated to the Schedule to Annex 2 as evidence to be provided in support of requests for fund instalments.]

d. [Project-specific conditions]

11. You must ensure that the Secretary of State receives the information and evidence required by paragraph 10 on or by [*insert deadline*]. Should you fail to do so, or should the Secretary of State reasonably conclude that the information and evidence provided prior to that deadline is unsatisfactory, the Secretary of State shall be entitled to withdraw this offer and/or the grant.

12. The provision of the grant is subject to the following:

- a) That you comply with the terms and conditions set out or referred to in this letter and its Annexes; and continue to do so (where relevant) after payment of the grant.
- b) That you keep adequate records to demonstrate that you have complied with all terms and conditions of this grant. You must maintain those records for a period ending 10 years after the final grant claim is paid.
- c) That you will (or will procure that relevant third parties will) allow access for the Secretary of State or his representatives (including, without limitation, the Delivery Partners) to the Project sites and to relevant records for the purposes of monitoring, evaluation and audit within 20 working days if requested. This includes the UK's National Audit Office which may carry out examinations into the economy, efficiency and effectiveness of usage of the Secretary of State's funds by your organisation in accordance with this letter.
- d) That the structure and objectives for the Project as set out in the Project Proposal will not be changed or altered in any way without the prior written approval of the Secretary of State. Any requests for such changes must be directed in the first instance to your MO.
- e) If at any stage you become aware of, or suspect, any misappropriation or diversion of funds or possible fraud or corruption relating to the Project activities funded by the grant, you must report the matter immediately to the Secretary of State via your MO.
- f) That progress and financial reports will be provided to the Secretary of State

on a quarterly basis and that a final narrative will be provided to the Secretary of State within 1 month of completion as detailed in the Project Proposal and paragraphs 32-33 of this letter;

- g) That you will work with the Delivery Partners. This will include the provision to the Delivery Partners of financial and narrative reports as the Secretary of State's agent.
- h) That the Secretary of State will not be responsible for the activities of any person or third party engaged by you as a result of this letter, nor will the Secretary of State be liable for any costs incurred by you in terminating the engagement of any such person.
- i) That, if any changes occur which, in the opinion of the Secretary of State, significantly impair the delivery of the project, you will consult the Secretary of State at the earliest opportunity on measures to resolve the problem and identify possible courses of action. [the sentence deleted served no useful purpose]

ISSUE OF FUNDS

13. No funds will be issued until the Secretary of State has received an original of this letter signed by you.

14. All funds requested must be accounted for in GB pounds sterling.

15. The grant will be paid to you by instalments, on a reimbursement basis, provided that you:

- a) Necessarily and properly incur any Eligible Costs within the period to which the relevant instalment applies; and
- b) Ensure that the Secretary of State receives a grant claim in compliance with paragraphs 18-19 by the deadline for that instalment.

[Holding of grant moneys]

To the extent that any of the grant is paid up-front, it may be necessary to ring-fence those funds to avoid cross-subsidisation (which may constitute unlawful state aid) in respect of commercial activity which is not strictly related to the Project.

16. [].

17. The instalments are set out in the Schedule to Annex 2. The Secretary of State will endeavour to pay you within 30 days of the Secretary of State being satisfied that you have complied with all relevant requirements of this letter.

18. Your grant claims must include the following:

- a) The information and evidence required for the relevant instalment, as set out in the Schedule to Annex 2; and
 - a) Accompanying that information and evidence, a reasonable assurance report, or a copy of one, provided at your expense and meeting the requirements set out in that Annex.
17. When submitting a Request for Funds, the format of Annex 1 must be copied onto your official letter heading. Your Finance Officer or another responsible officer is required to certify the Request for Funds and any accompanying detailed statements of expenditure, as follows:
- “I certify that any expenditure shown above and detailed in the accompanying Statement of Expenditure have been necessarily and properly expended in accordance with the terms and conditions of the accountable grant arrangement for the period to {**INSERT DATE**}.”
18. Statements so certified will be accepted as a proper discharge for the monies provided from the Secretary of State and documentary evidence of the various payments made by you will not normally be required. However, the Secretary of State reserves the right to call for and examine such evidence prior to making any payments under this letter. These statements must be sent to your MO for authorisation.
19. The summary sheet set out in Annex 1 should be used, accompanied by a detailed statement of expenditure and a request for funds.
20. In addition, you must co-operate with any examination conducted by the UK's National Audit Office into the economy, efficiency and effectiveness with which the Secretary of State's funds have been used in relation to the Project.
- 21. ALL STATEMENTS MUST BE IN AN ORIGINAL FORMAT. FAXED, COPIED OR SCANNED DOCUMENTS WILL NOT BE ACCEPTED.**

ANNUAL AUDITED ACCOUNTS

22. You are required to submit audited accounts for the financial year(s) covered by the grant. These must be signed by your Finance Officer and be certified by an independent firm of professional auditors as being a true and fair view of the organisation's finances at the relevant time. These accounts must show the grant as a separate item of income. One copy bearing original signatures must be submitted to your MO.
23. If it is not possible to show the grant as a separate item in your accounts, the Secretary of State may accept an auditors' certificate confirming the total income in respect of the grant, along with a copy of the annual audited accounts, prepared as above.
24. Annual audited accounts must be submitted within 6 months of the end of your financial year.

STATE AID

25. The Secretary of State considers that the grant constitutes a state aid under Article 107 of the Treaty on the Functioning of the European Union. State aid rules ensure that the governments of EU Member States do not unfairly subsidise their own industry or particular parts of it. The European Commission has established a narrow range of exemptions in which it considers state aid to be lawful.
26. You must (and you acknowledge that the Secretary of State must) comply with all applicable European Union rules on state aid and in particular all applicable requirements of the Block Exemption; for which purpose you agree (without prejudice to the generality of paragraph 38) that the Secretary of State may notify to the European Commission and publish such information concerning you and/or the Project as the Secretary of State is required to so notify or publish in order to comply with the Block Exemption.
27. In this case, the Secretary of State awards the grant as aid for the promotion of energy from renewable sources in accordance with Article 41 of the Block Exemption. The terms and conditions of this letter have been designed to comply with that exemption, so as to reduce any risk that the European Commission will require the Secretary of State to recover the grant from you. To minimise this risk, it is particularly important that you comply with the terms and conditions of this letter.
28. The grant may only be used in respect of eligible costs permitted under Article 41(6) of the Block Exemption, where these are incurred in a part of the Project constituting the promotion of energy from renewable sources, specifically the production of sustainable biofuels in accordance with Articles 41(2) and (3) of the Block Exemption. The amount of “public funding” (including the grant) that you may receive for the Project must not exceed:
- a) in accordance with Article 4(1)(s) of the Block Exemption, €15m (fifteen million Euros) in total; and
 - b) in accordance with Article 41(10), an aid intensity being **xx%** of your total Eligible Costs incurred on the Project.
29. For the purpose of paragraphs **28 and 30**, “**public funding**” includes any funding from, or attributable to, any public authority or EU institution. You must inform the Secretary of State in writing, and as soon as possible, if these circumstances cease to apply or you have grounds to consider that they are likely to do so.
30. You must inform the Secretary of State in writing of any other “public funding” applied for or awarded against the eligible costs covered by this grant offer. Total “public funding” for the Project must be within the amounts permitted by Article 41.
31. In accordance with Article 1(4) of the Block Exemption, you are not entitled to the grant if you are, or are part of, an undertaking which is subject to a recovery order following a previous decision of the EU Commission declaring an aid illegal and incompatible with the internal market.

REPORTING

32. You will provide:

- a) a three month financial and narrative report for each quarter within 30 days of the end of each quarter until the Project is completed.
- b) a final financial and narrative report within 30 days of the completion of the Project.
- c) brief monthly narrative programme updates. Monthly updates will be due by the 15th of the following month (i.e. the report for May 2015 is due by 15 June 2015).

33. Template formats for all reports will be supplied by your MO.

PUBLICITY

34. Subject to paragraph 35, the Secretary of State may publish this letter and any other information relating to the Project on the gov.uk website and in any other way considered appropriate. Such information may include, without limitation: lead organisation name, Project Name and Reference, type of enterprise (SME/large) at the time of granting, the location of the Project, the amount of grant, and the Project objectives.

35. The Secretary of State will, prior to publication, consider any representations you may make about information you consider to be commercially sensitive.

36. You will:

- (a) provide your MO with draft press releases ahead of issue, to allow the Secretary of State opportunity to review and approve this information. The Secretary of State, via the Delivery Partners, will endeavour to provide fair comments within a reasonable timescale;
- (b) give appropriate recognition to the provision of the grant by the Secretary of State in any press release or other contact with the media. The nature of such recognition will be decided in advance with your MO; and
- (c) provide representatives of the Secretary of State's Press Office with any assistance required to formulate the Secretary of State's approach to the media in relation to the Project.

37. You will collaborate with the Secretary of State:

- (a) to build support for development and raise awareness of the UK government's funding for the demonstration of advanced biofuels production;
- (b) to proactively look for ways to raise awareness of UK government funding for development;

(c) on other awareness raising activities where feasible and appropriate to profile the Scheme and the results it is delivering; and

(c) on any future evaluation of the Scheme.

38. The Secretary of State may share information relevant to the grant with other public authorities and their agents and the European Commission.

BRANDING

39. Plants supported under the Scheme must display clearly a plaque or other signage stating that the Project has been part-funded by the UK Government. Final designs for such a plaque or other signage will be approved by the Secretary of State and issued to you.

FREEDOM OF INFORMATION

40. The Secretary of State may be obliged to disclose information relating to the grant and this offer under the Freedom of Information Act 2000, the Environmental Information Regulations 2004 or under any other requirement of law.

41. You must assist, and cooperate with, the Secretary of State, as reasonably requested, to enable the Secretary of State to comply with those requirements.

INTELLECTUAL PROPERTY RIGHTS

42. All intellectual property rights in the progress reports produced pursuant to paragraph 32 of this letter by you or your personnel, members or representatives in the course of undertaking the Project will be the property of the Secretary of State. Any data submitted with progress reports that is confidential should be submitted as a separate non-publishable annex.

43. You hereby grant to the Secretary of State a worldwide, non-exclusive irrevocable and royalty-free licence to “use” all other data and designs produced by you or your personnel, members or representatives in the course of undertaking the Project (“**the Material**”), where the term “**use**” shall mean, without limitation, the reproduction, publication and sub-licence of all the Material and the intellectual property rights therein, including the reproduction and sale of the Material and products incorporating the same for use by any person or for sale or other dealing anywhere in the world.

SUSPENSION, REDUCTION, WITHDRAWAL AND REPAYMENT

44. The Secretary of State has the right, exercisable in the circumstances referred to in paragraph 45 or 46, to terminate this Arrangement and/or to:

- a) suspend, withdraw or reduce the grant, where the grant, or any part of it, has not been paid; and/or

- b) require you to repay all, or any proportion of, the grant, together with interest from the date of payment, calculated in accordance with paragraph 51 (including in cases where you have already spent the grant money).

45. The Secretary of State may exercise those rights where the Secretary of State:

- a) is required to cease grant funding or to recover all, or any proportion, of the grant by virtue of a decision of a court or of the European Commission; or
- b) has reasonable grounds to consider that the payment of the grant, or your use of it, contravenes any requirement of law, in particular (but without limitation) EU law relating to state aid.

46. The Secretary of State may also exercise those rights on any of the grounds set out in Annex 4, where the Secretary of State considers it reasonable to do so.

[paragraphs deleted are now otiose given the other provisions]

47. Where the Secretary of State requires you to repay any amount, the Secretary of State may recover that amount by withholding or deducting the amount from any sum due to you from the Secretary of State under an offer of grant for any other projects or activities under any scheme or programme administered by the Secretary of State.

48. The Secretary of State will, prior to exercising any rights in paragraph 44, notify you of the grounds concerned and, as far as possible, consider your representations (provided that you make them within any reasonable deadline required by the Secretary of State).

49. You must inform the Secretary of State urgently, in writing, if you become aware that any of the grounds set out in paragraph 45 or Annex 4 apply. If they arise after you have received a grant payment, you must not make any use of the grant until the Secretary of State has authorised continued use of the grant in writing.

50. A decision to ask you to repay the grant will be communicated by letter, and you must make that repayment within 30 days of the date of that letter or within any later reasonable deadline agreed by the Secretary of State in writing.

51. Ordinary interest will be calculated from the date of the grant payment to the date of repayment at the rate of 0.5% above the base rate of the Bank of England but, if you fail to make the relevant repayment by the relevant deadline, further interest on the outstanding sum (inclusive of ordinary interest) will accrue after that deadline, at the statutory rate of interest under section 6 of the Late Payment of Commercial Debts (Interest) Act 1998 or any other rate required by law in the circumstances, if higher.

52. Any failure by the Secretary of State to exercise the rights set out in paragraph 44, or any delay in doing so, shall not constitute a waiver of those rights unless the Secretary of State confirms that waiver in writing. Furthermore, any such

waiver shall not be taken as a precedent for any other, or subsequent, circumstances.

53. Subject to paragraph 54, the Secretary of State shall also be entitled to terminate this Arrangement at any time and without any reason, at the absolute discretion of the Secretary of State, by giving to you not less than 28 days' notice in writing to that effect.

54. If this Arrangement is terminated pursuant to paragraph 53, the Secretary of State shall pay to you a reasonable amount in respect of the activities properly carried out by you prior to the date of termination where payment has not already been made by the Secretary of State including, without limitation, amounts properly due and owing to you under this letter and/or any other parties engaged by you in respect of which you have, prior to the date of termination necessarily, properly and irrevocably entered into a commitment to make payment for goods or services relating to the Project (whether or not such amounts have already been paid by you).

DEADLINES

55. The deadlines required to be met by this letter expire at 5pm on the day specified, or, where that day is a weekend or public holiday, 5pm of the next working day.

56. The periods of 30 days referred to in this letter:

- a) Begin on the day after the relevant date or occurrence; and
- b) End at 5pm on the 30th day (or at 5pm of the next working day).

LAW AND JURISDICTION

57. If this offer is accepted, the resulting agreement will be governed by English law and is subject to the exclusive jurisdiction of the courts of England and Wales.

WARRANTIES

58. In accepting the grant and any payment of it, you represent, warrant and undertake that:

- a) You have full capacity and authority to undertake the Project and to agree to the terms and conditions of this letter and its Annexes.
- b) You are not a company in difficulty as defined in Article 2.18 of the Block Exemption and the circumstances described in paragraph 31 are not applicable to you. You will inform the Secretary of State as soon as reasonably practicable of a change in this status.
- c) You have obtained any consents necessary to undertake the Project.[see comment on para 10(c) – this may have to be redrafted to say “will obtain”]

- d) The information and evidence contained or referred to in the Project Proposal remains true, complete and accurate.
- e) Your circumstances have not materially changed since the Project Proposal was submitted.
- f) You will comply with all terms and conditions of this letter and its Annexes.
- g) You are not aware of the existence of any circumstances entitling the Secretary of State to terminate this Arrangement or to reduce, suspend, withhold or require the repayment of the grant.

59. In accepting the grant and any payment of it, you represent and warrant that you are not aware of any circumstances which might materially and adversely impact on your ability to undertake the Project or comply with the terms and conditions of this letter and its Annexes including (without limitation):

- a) Any contractual obligations;
- b) Any legal or administrative proceedings (such as any litigation or any winding-up or insolvency proceedings);
- c) Any circumstances which might give rise to such proceedings; or
- d) Any outstanding recovery order following a previous EU Commission decision declaring a state aid illegal and incompatible with the common market (in the case of which you are not entitled to the grant).

LIMITATION OF LIABILITY

60. The Secretary of State's liability to you is limited to payment of the grant (subject to your compliance with the terms and conditions of this letter and its Annexes and to the Secretary of State's rights set out therein). You remain entirely responsible for all risks and liabilities in undertaking the Project and (to the fullest extent permitted by law) the Secretary of State shall have no liability for any consequence, direct or indirect, that may arise through your undertaking of the Project or your use of the grant.

INDEMNITY

61. You agree to indemnify the Secretary of State against all claims, demands, actions, proceedings, costs, charges, expenses, losses, damages or other liabilities arising from your acts or omissions, or those of your employees, contractors, agents or partners, in undertaking the Project and in using the grant.

62. You must ensure that, in undertaking the Project, your employees, contractors, agents and partners comply with the terms and conditions of this letter and its Annexes, and you agree that you will be responsible for any breach by any of them of those terms and conditions and that such a breach will be treated as a breach by you.

REFERENCES

62. In this letter and its Annexes:

- a) references to legislation, including EU legislation and any documents issued by the EU institutions, are to that legislation as amended or re-enacted from time to time (including any amendment or re-enactment having taken place before the date of this letter); and
- b) references to the requirements or terms and conditions of this letter shall be taken as including any requirements set out in the Annexes.

DURATION OF OFFER

63. This offer remains open until 5pm on [*insert deadline*], at which point it expires. If you wish to accept this offer, you must ensure that we receive your formal acceptance, in compliance with the acceptance requirements below, on or by that time.

SIGNATURE

64. If this Arrangement is acceptable to you, this letter will place on record the understanding of our two organisations and will come into operation on the date of signature by both parties.
65. If this offer is accepted, this letter and its Annexes, and any document referred to, will form the entire agreement relating to the grant and will supersede previous correspondence and understandings. However, this does not exclude the liability of either party in respect of any previous fraud or fraudulent misrepresentation.
66. If the event of any material changes to the content of this letter or revisions to the Project Proposal, an Amendment Letter will be issued for signature by both parties.
67. No variation of the terms and conditions set out or referred to in this letter and no revision of the Project Proposal will be effective unless it is agreed in writing and signed by both parties. This does not prevent the Secretary of State making reasonable changes in relation to the administrative arrangements set out in this letter (such as departmental contact details).
68. You may not assign or otherwise transfer to any other person the benefit of the grant or any other benefit arising by virtue of this letter without the approval in writing of the Secretary of State. It is a condition of the grant that the Project is substantially carried out by you or by the persons specified in the Project Proposal.
69. Nothing in this letter creates a relationship of employment, agency, partnership or joint venture between the parties. Accordingly, you must not hold yourself out as having any such relationship with the Secretary of State.

70. Please sign two copies of the original, one copy is for your retention with the second to be returned to the Secretary of State.

Signed on behalf of Secretary of State
for Transport:

Name:

Department/Position:

Telephone:

Address:

E-mail:

Date:

Signed on behalf of **xxx**

Name:

Department/Position:

Telephone:

Full Postal Address:

Email:

Date

Annex 1: Request for Funds

Note: To be copied onto your organisation's official letter heading, completed and signed before being submitted

Request for Funds

Name of organisation			
Country			
Project Title			
Reference Number			
Period covered by the Statement of Expenditure	[dd/mm/yyyy]	to	[dd/mm/yyyy]
Period covered by the Forecast of Expenditure	[dd/mm/yyyy]	to	[dd/mm/yyyy]
1. Expenditure from previous claim			
2. Expenditure for total Project to date			
3. Total value of previous claims to date			
4. Payment requested			

I certify that any expenditure shown above and detailed in the accompanying Statement of Expenditure have been necessarily and properly expended in accordance with the terms and conditions of the accountable grant arrangement for the period to **{INSERT DATE}**.

[Signature of authorised certified officer e.g. Finance Officer]

[Printed name and title]

[Date]

Annex 2: Payment milestones

1. You must submit the information and evidence required in the Schedule to this Annex, and ensure that it is received on or by the relevant deadline specified.
2. The reasonable assurance report must be a report issued to you by an identified and independent reporting accountant, in which that accountant:
 - a) Confirms that you have provided it with the grant offer letter, and the information and evidence relied on in support of your claim for a grant payment; and
 - b) Concludes that, in its opinion, you have complied, in all material aspects, with the terms and conditions of the grant.

Annex 2: Schedule

Payment instalments: information and evidence required

<i>Deadline</i>	<i>Maximum grant</i>	<i>Milestone</i>	<i>Evidence to be provided in support</i>

Annex 3: Project Proposal

Please see attached proposal for the Advanced Biofuels Demonstration Competition

Annex 4 Grounds for termination, suspension, reduction, withdrawal and repayment

Grounds relating to performance

Non-compliance with requirements

1. A material failure to comply with a term or condition of this letter and its Annexes, in particular, but without limitation, in cases where you fail to:
 - a) incur some or all of the Eligible Costs (or the Secretary of State has reasonable grounds to consider that those costs have not been properly incurred or that you have not paid for any relevant goods or services);
 - b) complete the Project within the required timescale;
 - c) comply with any deadline required to be met;
 - d) provide information or evidence required; or
 - e) comply with any of the preliminary conditions set out in paragraph [11] of this letter.

Jeopardy and unsatisfactory progress

2. The Secretary of State has reasonable grounds to consider that:
 - a) progress towards completion of the Project is unsatisfactory; or
 - b) the future of the Project is in jeopardy.

Unsatisfactory report

3. A report or opinion from a reporting accountant, or from any other expert, is unsatisfactory because it contains an adverse opinion, a qualified opinion or a disclaimer of opinion, to which you have not (in the reasonable opinion of the Secretary of State) responded to appropriately.

Overpayment

4. The Secretary of State overpays the grant, or any instalment due, in which case the overpayment will be repayable or deductible from any future instalment.

Recovery of sums due under other agreements etc

5. A sum is recoverable from, or repayable by, you under any other agreement or arrangement with the Secretary of State, or with another government department, in which case the grant may be reduced by that amount.

Material changes

Changes to the Project

6. There is a change to the Project which the Secretary of State:

- a) reasonably considers to be material; and
- b) has not agreed with you in writing.

Changes to your business

7. There has been a change to your business, which the Secretary of State reasonably considers makes (or would have made) a material difference to:

- a) your eligibility for the grant; or
- b) the conditions on which it is appropriate to award the grant.

Cessation of business, insolvency and winding up etc

Cessation of business

8. You cease or suspend the carrying on of your business or a material part of it.

Insolvency and bankruptcy etc

9. You are a company (or other body corporate), and any of the following events occur:

- a) a proposal is made for a voluntary arrangement within Part I of the Insolvency Act 1986, an arrangement or reconstruction under Part 26 of the Companies Act 2006 or any other composition scheme or arrangement with, or assignment for the benefit of, the company's creditors;
- b) a shareholders' meeting is convened for the purpose of considering a resolution that the company is wound up or a resolution for its winding-up is passed (other than as part of, and exclusively for the purpose of, a bona fide reconstruction or amalgamation);
- c) a petition is presented for the winding up of the company (which is not dismissed within 14 days of its service) or an application is made for the appointment of a provisional liquidator or a creditors' meeting is convened pursuant to section 98 of the Insolvency Act 1986;
- d) a receiver, administrative receiver or similar officer is appointed over the whole or any part of your business or assets;
- e) an application order is made either for the appointment of an administrator or for an administration order, an administrator is appointed, or notice of intention to appoint an administrator is given;
- f) you are or become unable to pay your debts within the meaning of section 123 of the Insolvency Act 1986;
- g) being a company subject to the small companies regime under section 381 of the Companies Act 2006, a moratorium comes into force pursuant to Schedule A1 of the Insolvency Act 1986; or
- h) any other event occurs, in any jurisdiction to which you are subject, which is similar to those listed in sub-paragraphs a) to g).

10. You are a partnership, and any of the events referred to in paragraph [10] occur in relation to any partner.

Probity etc

Your application and correspondence

11. The Secretary of State has reasonable grounds to consider that any of the information and evidence provided in the Project Proposal, or in subsequent correspondence (in particular any grant claim or other correspondence material to the payment of the grant), has not been, in any material respect:
- a) complete and accurate; or
 - b) supplied honestly and in good faith.

Misuse of the grant

12. The Secretary of State has reasonable grounds to consider that:
- a) you have misused the grant or any instalment of it; or
 - b) there is a serious risk that you will do so.

Corruption in your business

13. The Secretary of State has reasonable grounds to consider that you have failed to comply with any anti-bribery or anti-corruption laws, including:
- a) the Bribery Act 2010; and
 - b) any anti-bribery or anti-corruption laws in another jurisdiction to which you are subject.

Criminal convictions and proceedings

14. The Secretary of State becomes aware that you, or a connected person referred to in regulation [23(1)] of the Public Contracts Regulations 2015² have been convicted of:
- a) any offence referred to in that regulation;
 - b) any other criminal offence relating to the conduct of your business;
 - c) failure to fulfil obligations relating to the payment of taxes; or any equivalent offence in another jurisdiction to which you are subject.

² S.I. 2015/[xx].