

Annex A: Terms and Conditions

Definitions

In this Agreement, except where the context otherwise requires:

“Deliverables” means the requirements set out above a further below.

“Grant” means the amount up to and not exceeding the amount allocated to each Local Transport Authority, totalling **£29.996m** provided by the Secretary of State for the purpose of the Deliverables.

“Grant Recipient” means the LTA which, having accepted this offer of Grant, is responsible for receiving, expending and accounting for funds paid under it for the purposes of the Deliverables and for ensuring compliance with all the terms and conditions of this Agreement.

“Local Authority” means a Local Transport Authority in England, outside London.

“Service Providers” means those responsible for the delivery of bus services.

Purpose of the Grant

The purpose of the Grant is to allow the Grant Recipient to deliver the Deliverables set out in the ‘Deliverables’ section of this Agreement.

The Department reserves the right to amend these terms and conditions at its discretion.

Network Provision

Whilst in receipt of the LTF, LTAs must ensure their local transport network provision meets local needs. This process should have regard to the objectives of the National Bus Strategy and locally agreed Bus Service Improvement Plans.

Local network provision means socially necessary bus services but does not mandate a specific or minimum level.

Eligible use of funding

The LTF **can** be used:

- (a) For claims for tendered services procured by the LTA that are valued at £29,999 or more, irrespective of the size of the LTA’s supported bus services budget;
- (b) To cover losses where an LTA, or lower tier authority, takes the revenue risk on a tendered service;
- (c) To cover losses where an operator takes the revenue risk on a tendered service;
- (d) To ensure the provision of a replacement service where a commercial service has been withdrawn, subject to prior agreement with the Department;
- (e) To provide additional tendered services or to alter existing tendered services;
- (f) To support community transport services;
- (g) To provide bespoke support such as rates relief to individual bus operators where the LTA believes that additional support is required, and withdrawal of services by a specific operator would result in increased costs to the taxpayer.

The LTF **must not** be used for:

- (h) activities of a political or exclusively religious nature;
- (i) input VAT reclaimable by the Grant recipient from H.M. Revenue & Customs and for the avoidance of doubt any irrecoverable VAT associated with the scheme will be met with this Grant;
- (j) gifts;
- (k) entertaining;
- (l) statutory fines, criminal fines, or penalties.

Grant recipients and/or service providers are permitted to make an operating surplus whilst in receipt of LTF funding.

Grant recipients and/or service providers are permitted to make changes to their current fares and fare structures.

LTAs should work with operators to ensure that funding continues to be used efficiently.

LTAs/operators must clear any outstanding debts with the Department before accessing this Grant.

LTAs/operators must maintain and operate effective monitoring and financial management systems for the Deliverables to ensure that the application of the Grant for delivering the Deliverables can be clearly identified.

Data Provision

LTAs will be asked to provide DfT with information on the services that the Grant has been used to support. This will include:

- Bus services supported by the Grant, including the financial contribution (as appropriate);
- Frequency of service/service level or kilometres operated (as appropriate);
- Patronage levels on a monthly basis.

DfT will request this data, and any additional information that may be required by the Department on reasonable notice, toward the end of the LTF scheme.

DfT reserves the right to carry out an open book reconciliation exercise with operators should the Department need to seek clarity on the financial impact of the LTF as well as to assure future forecasts. Operators/ LTAs will be required to cooperate with the Department and its advisors, including all reasonable data requests, as part of any reconciliation exercise.

DfT reserves the right to amend the information being requested from operators.

DfT reserves the right to use this information to inform the broader Government local Public Transport policy.

All deadlines for data provision are final. Submissions after the deadline may result in no further funding being provided and will only be accepted in exceptional circumstances and at the discretion of the DfT.

Payment arrangements

Subject to the conditions set out in this Agreement the Secretary of State's funding will be paid by Grant to the Grant Recipient.

Payments will be made in one instalment, in arrears in April 2023.

The Grant Recipient/s are required to sign and return to the team leader of the Bus Recovery Division of the Department for Transport this Agreement.

If a Grant Recipient/s fails to comply with any of the conditions contained within this Agreement, the Minister of State may:

- a) reduce, suspend or withhold grant; or
- b) by notification in writing to the authority, require the repayment of the whole or any part of the grant.

Conflicts of interest and financial or other irregularities

Officers, members, and employees of the Grant Recipient must be careful to avoid conflicts of interest. The Grant Recipient must set up formal procedures to require all such persons to declare any personal or financial interest in any matter concerning the Deliverables and to be excluded from any discussion or decision-making relating to the matter concerned.

If the Grant Recipient has any grounds for suspecting financial irregularity in the use of any Grant paid under this Agreement, they must notify the Secretary of State immediately, explain what steps are being taken to investigate the suspicion, and keep the Secretary of State informed about the progress of the investigation. For these purposes "financial irregularity" includes fraud or other impropriety, mismanagement, and the use of the Grant for purposes other than the purposes of the Deliverables.

VAT

The Grant Recipient shall not charge the Secretary of State VAT in respect of any expenditure made to deliver the Deliverables as grants are outside the scope of VAT.

Escalation of disputes

In the event of a dispute about the Grant or the payment of the Grant, the matter will be referred to the Department's Deputy Director, Bus Recovery and the Grant Recipient's Chief Financial Officer who will work together to resolve the dispute.

Invoicing

Appropriate independent evidence, as reasonably specified by the Secretary of State, of the delivery of the Deliverables is required to support any Grant claimed via the invoicing process for the associated Deliverable. Invoicing will take place following completion of the Deliverables.

Appropriate independent evidence as reasonably specified by the Secretary of State will be sent with the invoice requesting payment linked to those Deliverables.

Compliance

The Grant Recipient will comply with all applicable procurement laws when procuring goods and services in connection with the grant and the Department shall not be liable for the LTA failure to comply with its obligations under any applicable procurement laws.

The Grant Recipient will ensure that its use of the funding complies with State Aid laws, the UK's international obligations in relation to subsidy control and any UK subsidy control legislation.

The Grant Recipient will maintain appropriate records of compliance with the relevant subsidy control regime and will take all reasonable steps to assist the Department to comply with the same and respond to any proceedings or investigation(s) into the use of the funding by any relevant court or tribunal of relevant jurisdiction or regulatory body.

The Grant Recipient acknowledges and represents that the funding is being awarded on the basis that the use of the grant will not affect trade in goods and electricity between Northern Ireland and the European Union and shall ensure that the funding is not used in way that affects any such trade.

The Secretary of State may require repayment of any of the grant already paid, together with interest from the date of payment, if the Secretary of State is required to do so as a result of a decision of the European Commission or the Court of Justice of the European Union by reason of a breach of State Aid Law through its application under Article 10 of the Northern Ireland Protocol and/or a decision of a court, tribunal or independent body or authority of competent jurisdiction by reason of breach of the UK's obligations under the Trade and Co-operation Agreement or the terms of any UK subsidy control legislation.

The Grant Recipient will ensure they comply with the 2010 Equality Act and the Public Sector Equality Duty. This includes considering impacts of the project on protected characteristic groups in the monitoring and evaluation stage.