



in partnership with Sunderland City Council

## STRATEGIC INITIATIVE BUDGET (SIB) TERMS AND CONDITIONS

### 1.0 PAYMENT OF SIB

- 1.1 **The Council's Office of the Chief Executive administers SIB through its Strategic Economic Development Service. Any queries regarding specific allocations should be made to the relevant Area Regeneration Officer or Louise Preece.**

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- 1.2 Should any of the terms and conditions described below not be adhered to, SIB funding may be suspended or withdrawn and the project required to repay any funding it has spent to date.
- 1.3 SIB is approved on an annual basis as part of the full Council budget process in February or March each year. It is possible that due to financial constraints, an award for future years' funding may have to be reduced or withdrawn. Projects that apply for funding from future years' projected allocations do so on the understanding that this cannot be guaranteed and may be subject to alteration or withdrawal as a result of any budget decisions made each year.

- 1.4 SIB will not be paid and may not be used for:
- Activities of a political or exclusively religious nature
  - Expenditure supported from other government sources, local authority grants, EU structural funds etc, to the extent that the combined SIB grant and other support total more than 100% of the project or the scheme costs
  - Payments for redundancy
  - Expenditure incurred before the project was correctly approved
  - Payments made in advance of need
- 1.5 Funding will only become available once the offer letter has been signed and returned. The allocated code number for this project will be made available once the signed offer letter has been returned.
- 1.6 The award will not be released as a “lump sum”. Payments of grant are made against defrayed expenditure once sufficient evidence of expenditure in the form of receipts or other verifiable evidence of expenditure has been provided, or on submission of invoices. In cases where a project wishes the City Council to pay a supplier or organisation direct, a letter from the Lead Agent authorising the City Council to release funding on their behalf will be required.

## **2.0 FINANCIAL MANAGEMENT**

- 2.1 Funding can only be used for the purposes outlined in section 3.4 and section 7 of the application form and in accordance with SIB criteria. It is the project's responsibility to keep the relevant Area Regeneration Officer informed of any changes to the initial proposal that may affect the terms and conditions of the original offer of SIB support.
- 2.2 If a project for any reason wishes to use their allocation for purposes other than the ones originally proposed, it is required to return the unused allocation and submit a new proposal (if appropriate) to the Area Committee, or make a formal request to the Area Committee to vire the original allocation.
- 2.3 Funding is made available for the period indicated in the funding profile in Section 7 of the application form. Once the projected completion date has been reached, any unused allocation may be reclaimed, unless the project has explained the reason for any delay and requested an extension to their funding period.
- 2.4 Any income arising from the rent, hire, lease or use of any building or equipment as a result of SIB funding must be used for the benefit of the approved project.

- 2.5 There is not the facility to exceed the amount of SIB allocation awarded, and the Council does not accept any liability should the original estimates prove inaccurate or insufficient. It is the project's responsibility to seek additional funding should the original estimates prove inadequate to meet the schedule outlined in the original application form. If this is not possible, the project should seek advice from the relevant Area Regeneration Officer regarding the current status of their SIB allocation. Any project that exceeds the original allocation will be required to find the overspend from their own resources.
- 2.6 No project will be allowed to access SIB funding beyond 2 years from the date of this offer letter, unless it has received approval for funding over several years. Once 2 years have elapsed, any unused allocation will be automatically returned to SIB. Should a project still require this unused allocation, it will need to submit a new application to the relevant Area Committee(s).

### **3.0 PROJECT MANAGEMENT**

- 3.1 Projects must be managed in accordance with all appropriate statutory requirements and employment legislation and must not be conducted in any way as to bring the City Council into disrepute.
- 3.2 Where SIB is being used in part or in full to employ staff, details of the recruitment procedure (including any equal opportunities policy) should be provided.
- 3.3 Projects should take all necessary steps to secure the health, safety and welfare of all persons involved in the project.

### **4.0 CAPITAL WORKS AND PURCHASE OF EQUIPMENT AND OTHER ASSETS**

#### **4.1 Purchasing / Procurement requirements**

The Council has a duty to ensure that, where it awards public monies to external organisations, value for money and probity is demonstrated as monies are expended.

Where any such monies are used to procure goods, materials, services or works the following procurement requirements must be applied.

#### **Procurement up to £5,000**

This applies to procurements, which are less than £5,000.

Records must be kept to objectively demonstrate that value for money has been achieved, and competition has been considered. For example, if all or part of a grant was to be used to purchase computer equipment it would be appropriate to contact four suppliers of the equipment concerned and ask for a price from each supplier. A note should be retained of the price quoted in each case. If the supplier used is not the supplier quoting the lowest purchase price, a record should be kept with the quotes to explain why the chosen supplier was used. This would normally be on the grounds of quality. This process would also apply to suppliers of services e.g. consultancy services for feasibility studies and for purchases classed as capital works.

#### Procurement between £5,000 and £75,000

This applies to procurements, which are equal to or exceed £5,000 but which are less than less than £75,000.

For procurement of this value, at least three written relevant quotations must be obtained from suitable contractors or suppliers. If less than three quotations are obtained (e.g. because the work is specialised) or considered the reason for this should also be recorded. Finally, if the supplier used is not the supplier quoting the lowest purchase price, a record should be kept with the quotes to explain why the chosen supplier was used.

#### Procurement equal to or exceeding £75,000 up to EU Thresholds

This applies to contracts for works, supplies or services with an estimated value equal to or exceeding £75,000 but less than the thresholds prescribed by the EU Regulations or to which the full extent of them do not apply.

Contracts subject to this rule must be let by one of the procurement procedures below:

- a) the Open Procedure
- b) the Restricted Procedure or a tender from a Standing List
- c) a Call-Off pursuant to an existing Framework Agreement let by the Council or other Third part
- d) the Competitive Dialogue Procedure the Negotiated Procedure

#### Contracts Exceeding EU Thresholds

This rule applies to contracts for applicable works, supplies or services with an estimated value above the thresholds prescribed by the EU Regulations. The thresholds set as at 31<sup>st</sup> January 2006 were:

- a) Works £3,611,319

- b) Supplies           £144,371
- c) Services           £144,371

Contracts subject to this rule must be let by one of the following procurement procedures:

- a) the Open Procedure;
- b) the Restricted Procedure;
- c) the Competitive Dialogue Procedure;
- d) the Negotiated Procedure.

#### Advertising Contracting Opportunities

Where above the applicable EU threshold a Contract Notice must first be placed in the OJEU in the form prescribed.

Public Notice shall be given in one or more local newspapers and/or in one or more journals circulating among persons who undertake such contracts. The notice shall set out particulars of the contract and invite persons interested to apply within such period, being not less than ten days, as may be specified, for tender documentation, stating the last date when tenders will be accepted.

All procurement opportunities (regardless of value) should be considered as to whether their advertising would be beneficial in order to encourage openness, transparency and competition.

#### **Retention of Records**

Records of all of the above processes should be retained for a period of three years and must be available for inspection by representatives of the Council if required.

Failure to comply with any of the above conditions could result in clawback of monies and further claims or awards not being approved.

Please note: Projects will be required to submit all relevant documentation with regard to the appointment of a contractor or supplier with the first Quarterly Monitoring Return (or the most appropriate)

Projects are required to provide accurate and verifiable information for monitoring, evaluation and reporting purposes, and must fill in and return the quarterly monitoring return form that is sent requesting information on projects' progress. Additionally, projects are subject to audit and monitoring throughout their duration by officers of the Development and Regeneration Directorate. Failure to return monitoring forms or comply with any other financial requests made may result in the remainder of the allocation being withheld or future

applications being refused.

Once a project has used its full SIB allocation, projects will be required to submit a written report and attend a future Area Committee meeting to discuss the project's impact. Lead Agents will be informed of when this report and presentation will be required by the relevant Area Regeneration Officer.

It is the project's responsibility to keep the relevant Area Regeneration Officer informed of any changes that may affect its SIB allocation. In this respect it should be noted that:

- The normal practice will be to make SIB funding available for the period indicated in the funding profile in Section 7 of the application form. If funding is not claimed in accordance with the profile of projected costs in Section 7 of the application form or once the projected completion date has been reached, any unused allocation may be reclaimed, unless the project has indicated a reason for the delay and requested an extension to their funding period.
- No project will be allowed to access SIB funding beyond 2 years from the date of the original offer letter, unless it has received approval for funding over several years. Beyond this period, any unused allocation will be returned to SIB and any project still requiring the funding would need to submit a new application.
- SIB can only be used for the purposes outlined in section 3.4 and section 7 of the application form. If a project for any reason wishes to use their allocation for purposes other than the ones originally proposed, they would need either to return the unused allocation and submit a new proposal to the Area Committee or make a formal request to the Area Committee to vire the allocation.

The project should ensure that, wherever appropriate, publicity generated by the project acknowledges SIB support. It is a condition of SIB that any press releases be made via the SIB Marketing and Communications team (Tel 0191 553 1933). Please note that in cases where SIB has provided support for the feasibility stage of a capital build project, SIB support will need to be acknowledged on site billboards at the construction stage. The SIB logo can be obtained from the SIB Marketing and Communications team.

### **Potential Conflicts of Interest**

Any potential conflicts of interest (e.g. the supplier is a friend or relative of the person procuring the service, goods or works) should be declared and those affected should not participate in the procurement process or decision.

- 4.2 Capital assets include the purchase of any land or building, improvements to buildings, and purchase of equipment and other moveable and immovable assets that have a useful life of more than one year and are above £50 in value.

#### Asset Register

- 4.3 Projects that use SIB allocations for capital assets must create and maintain a capital asset register. Entries to the register must be made at the time of purchase and an updated copy of the register must be submitted on completion of the project. The register should show :
- Date of purchase
  - Description of asset
  - Price paid net of recoverable VAT
  - Amount of SIB grant awarded
  - Serial or identification numbers
  - Location of the asset
- 4.4 Proposals to dispose of any asset purchased wholly or partly with SIB support must receive prior approval from the Area Committee. Any project wishing to do so should seek advice from their relevant Area Regeneration Officer.
- 4.5 All goods should be adequately insured.

#### Capital Works

- 4.6 If a project requires capital works that have been put out to tender, the works must be carried out using one of the estimates of those contractors or suppliers identified in support of the application. Projects must make the decision on the appointment of a contractor or supplier in accordance with the Procurement and Purchasing requirements.

- 4.7 It is the project's responsibility to obtain the necessary landlord's approval where works involve alterations to a building of which the applicant is not the owner. The project must also obtain all other approvals necessary for the scheme including planning permission, listed buildings consent and building regulations approval. All approvals must be obtained before work starts. An award of grant assistance does not include or imply any other approval.

## **5.0 MONITORING AND EVALUATION**

- 5.1 Officers from the Directorate of Development and Regeneration reserve the right to monitor all SIB expenditure, including site visits where deemed necessary, in order to ensure that projects are spending their allocation in accordance with the aims, timescales and funding profile as specified in the application form and that all grant conditions are being observed.
- 5.2 Projects are required to provide accurate and verifiable accounting records for all SIB expenditure. This information must be available on request at any time for inspection together with supporting invoices, receipts and other relevant documents. Records must be retained for a minimum of 7 years from the date of this letter.
- 5.3 Projects will be required to complete monitoring return forms, asking for details of their progress, on a quarterly basis. Forms are sent out in January, April, July and October in each year of the project's operation. Projects are required to submit all relevant documentation with regard to the appointment of a contractor or supplier, with the first Quarterly Monitoring Return (or the most appropriate).
- 5.4 Additional information may be required in support of feedback reports to Area Committees or for evaluation purposes at key stages in the project's lifetime.
- 5.5 Once projects have used their full SIB allocation, they will be required to submit a written report and attend a future Area Committee meeting to update Elected Members. Lead Agents will be informed by the relevant Area Regeneration Officer of when this report and presentation will be required.
- 5.6 Failure to return monitoring forms promptly, or comply with any other request made as part of the monitoring process, may result in the remainder of the allocation being withheld or applications for future funding being refused.



**6.0 PUBLICITY**

6.1 The project should ensure that, wherever appropriate, publicity generated by the project acknowledges SIB support. It is a condition of SIB that any press releases be made via the SIB Marketing and Communications team (Tel 0191 553 1933), Please note that in cases where SIB has provided support for the feasibility stage of a capital build project, SIB support will need to be acknowledged on site billboards at the construction stage. The SIB logo can be obtained from the SIB Marketing and Communications team.

**7.0 COMPLETION OF PROJECT**

7.1 A completion form, indicating the end of SIB funding and the project as described in the original submission, will be forwarded to the Lead Agent at the appropriate time.

**ACCEPTANCE**

As Lead Agent for the (project title) project, I accept the SIB terms and conditions as outlined in this document.

Signed

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Printed

Name

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Organisation

or

Group

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