

Grant offer letter
(version of 2 October 2012)

Direct grant award to private or third sector bodies

DECC support to NNL involvement in EU programme entitled SACSESS

1. The Secretary of State for Energy and Climate Change offers National Nuclear Laboratory Limited (“NNL”) (Company Number 3857752) whose registered office is at Chadwick House, Warrington Road, Birchwood Park, Cheshire Warrington, WA3 6AE (“you”) grant funding (“**the grant**”) subject to your agreement to, and compliance with, the terms and conditions set out or referred to in this grant offer letter and its Annexes.
2. This offer is made pursuant to your proposal entitled Proposal for UK involvement in SACSESS EU Programme dated 12 November 2012. A copy of your application is attached at Annex 1, and forms part of, this letter.
3. The grant is offered under section 5(1) of the Science and Technology Act 1965.

Amount of grant

The maximum amount of the grant offered is

Purpose of grant

5. The grant is offered to you to contribute to certain costs (“**Eligible Costs**”) you incur in undertaking the SACSESS project (“**the Project**”).
6. A description of the Project is set out in the proposal to DECC dated 12 November 2012, a copy of which is attached at **Annex 1** of this letter.

Eligible Costs

7. The Eligible Costs are limited, in all cases, to costs which:
 - a) are incurred between 1st April 2013 and 31st March 2014 (inclusive); and
 - b) are Eligible Costs within the scope of Article 31 (Aid for research and development projects) of the EU Block Exemption (see the state aid section of this letter).
 - c) are incurred for fundamental research as defined in Article 30 (Aid for research and development and innovation)

8. Under no circumstances may the grant be claimed or used for:
- a) Use for activities of a political or exclusively religious nature.
 - b) Use in respect of costs reimbursed or to be reimbursed by funding from other public authorities or from the private sector.
 - c) Use in connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money).
 - d) Use to cover interest payments (including service charge payments for finance leases).
 - e) Use for the giving of gifts to individuals, other than promotional items with a value no more than £10 a year to any one individual.
 - f) Use for entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations).
 - g) Use to pay statutory fines, criminal fines or penalties.
 - h) Use in respect of VAT that you are able to reclaim from HM Revenue and Customs.

Availability of grant

9. Funding for this grant is only available during the financial year ending on 31st March 2014. 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.

Payment of grant

10. The grant will be paid to you in a single instalment. You must ensure that the Secretary of State receives a grant claim, in full compliance with paragraph 14 below, on or by the **21st March 2014**.
11. We 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.

Grant claims

12. Your grant claim must include the following:
- a) the information and evidence required in the Schedule to Annex 2, demonstrating (to the reasonable satisfaction of the Secretary of State) that the relevant costs have been properly incurred in compliance with the terms and conditions of this letter and its Annexes; and
 - b) accompanying that information and evidence, a reasonable assurance report, or a copy of one, meeting the requirements in Annex 2.

Conditions

13. You must:

- a) comply with the conditions in **Annex 3**, in addition to all other requirements set out or referred to in this letter and its Annexes; and
- b) continue to do so (where relevant) after payment of the grant.

State aid

14. 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.

15. In this case, the Secretary of State awards the grant as aid for fundamental research in accordance with Article 31 (Aid for research and development projects) of the EU Block Exemption¹.

16. The terms of this grant offer have been designed to comply with that exemption, so as to reduce any risk that the European Commission or a court 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.

17. In particular, the amount of public funding (including the grant) that you may receive for the Project must not exceed:

- a) in accordance with Article 6 (1)(e)(i) of the Block Exemption, EUR 20 million per undertaking in total; and
- b) in accordance with Article 31(3)(a), 100% of your total Eligible Costs incurred on the Project.

18. For the purpose of paragraph 17, public funding includes any funding from, or attributable to, any public authority or EU institution.

Reduction, withdrawal and repayment

19. In accordance with paragraphs 20 to 25, the Secretary of State has the right to:

- a) 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 (calculated in accordance with paragraph 26), where the grant, or

¹ Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation) (OJ L 214, 09.08.2008, p 3).

any part of it, has been paid (including in cases where you have already spent the grant money).

20. The Secretary of State will 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.
21. The Secretary of State may also exercise those rights on the grounds in **Annex 4**, where the Secretary of State considers it reasonable to do so.
22. The Secretary of State will, prior to exercising those rights, notify you of the grounds concerned and (except in a case falling within paragraph 20 (a)), as far as possible, consider your representations (provided that you make them within any reasonable deadline required by the Secretary of State).
23. Please inform us urgently, in writing, if you have any concerns that any of the grounds in paragraph 20 or Annex 4 apply in your case. 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.
24. 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.
25. Interest will be calculated from the date of the grant payment, in accordance with:
- a) the retail prices index over the relevant period (that index being taken as 0% for any period during which the index is negative); or
 - b) any other rate required by law in the circumstances (including any rate required under EU law relating to state aid), if it is higher.

Suspension

26. The Secretary of State may suspend payment of the grant where:
- a) one of the grounds in paragraph 20 (b) or Annex 4 arises, pending consideration of the circumstances and the making of a decision; or
 - b) the Secretary of State has reasonable cause for concern that one of those grounds may have arisen, or is likely to arise.
27. In the case of any suspension, unless the Secretary of State confirms a contrary agreement in writing:

- a) you must continue to comply with the requirements of this letter including any deadlines occurring during the period of suspension; but
- b) you must not make any further use of the grant until the Secretary of State has authorised continued use of the grant in writing.

Publicity

28. The Secretary of State may publish information relating to the grant, on its website, and in any other way it considers appropriate.
29. The Secretary of State will, prior to publication, consider any representations you may make about information you consider to be commercially sensitive.

Information sharing

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

Freedom of Information

31. 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.
32. You must assist, and cooperate with, the Secretary of State, as reasonably requested, to enable the Secretary of State to comply with those requirements.

Day-to-day contact

33. In communicating with the Secretary of State, your day-to-day contact within the Department of Energy and Climate Change is: [REDACTED].

Notices and communications

34. Where you are required to provide information or evidence, by or in accordance with this letter (including in the case of grant claims), you must do so in writing. It is your responsibility to ensure that you provide with the Secretary of State with all the information or evidence required by the relevant deadline.
35. Unless we are able to confirm earlier receipt, your communication will be deemed to have been received at 9am of the second working day following the date of posting. If you leave insufficient time to meet a deadline, please be aware that you do so at your own risk. You are strongly advised to retain evidence of posting.

Entire agreement

36. 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.

Variation

37. No variation of the terms and conditions set out or referred to in this letter 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 in this letter (such as departmental contact details).

Third party rights

38. If this offer is accepted, the agreement will not confer any rights or benefits on third parties for the purpose of the Contracts (Rights of Third Parties) Act 1999.

Assignment etc

39. 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 also a condition of the grant that your contribution to the Project is substantially carried out by you or by the persons specified in your application.

Relationship with the Secretary of State

40. 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.

Further funding

41. 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.

Law and jurisdiction

42. If this offer is accepted, the resulting agreement will be subject to English law, and, in the case of dispute, to the jurisdiction of the courts of England and Wales.

References

43. 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 this letter shall be taken as including the Annexes (whether the Annexes are expressly referred to or not).

Duration of offer

44. This offer remains open until 5pm on 13th January 2014, at which point it expires. If you wish to accept this offer, you must ensure that we receive your formal acceptance, on or by that time.

Acceptance

45. If you wish to accept this offer, you must ensure that a director signs and dates the duplicate copy of this letter as indicated below.

Yours sincerely



Agreement

I confirm, for and on behalf of National Nuclear Laboratory Limited, the agreement of National Nuclear Laboratory Limited to the terms and conditions in this letter and its Annexes.

Signed:

Printed Name:

Position:

Date:

Annex 1 – The Project

REDACTED

Annex 2

Grant claims

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>Information to be provided</i>	<i>Evidence to be provided in support</i>
21/03/2014	████████	<ol style="list-style-type: none">1. Six-monthly progress report (HYBAR 1).2. Twelve-monthly progress report (HYBAR 2)3.>NNL approved report on work completed under the SACSESS aqueous domain;<ol style="list-style-type: none">a) submit paper for publication on (Pu) alpha radiolysis of nitric acidb) technical memo on HNO₃ extraction into novel organic solutions	Reasonable assurance report

Annex 3

Conditions

Use of the grant

1. You must not make any grant claim, and must not use any grant paid, otherwise than to cover the Eligible Costs.
2. Those costs must have been incurred reasonably and exclusively for the purpose of the Project (as described in **Annex 1**) and you must take all reasonable steps to minimise those costs.

Progress and completion of the Project

3. Regular updates on the Project will be provided to DECC via established reporting mechanisms, specifically the monthly NNL/Government report. These updates will continue for the duration of the Project and after the completion of this grant.

Other conditions relating to the Project

4. Dissemination of results will be achieved by:
 - a) Updates to the Nuclear Innovation and Research Office on request.
 - b) publications in recognised journals, presentation at conferences and networking groups.

Other public funding

5. The grant is offered on the understanding that you will be receiving additional funding for this Project from the Nuclear Decommissioning Authority, Sellafield Ltd and the European Commission, as detailed in the proposal at Annex 1.

Record keeping

6. You must keep the following records for period ending six years after the 1st April 2014 following the payment of the final instalment of the grant monies:
 - a) the grant offer letter and adequate records to demonstrate that you have complied with all terms and conditions of this grant.
 - b) copies of claims and the evidence of costs incurred under those claims
 - c) details of monies defrayed to third parties including the identity of the third party, the amounts given, the purpose for which the money was spent, evidence that the contracts have been awarded fairly and transparently

Procurement

7. In so far as the Eligible Costs are to be incurred in the purchase of goods, works or services, you must:
 - a) obtain the approval in writing of the Secretary of State prior to entering into any contract or commencing any procurement where the value of the contract exceeds £100,000 and
 - b) advertise and award all contracts fairly and transparently; and
 - c) comply with the Public Contracts Regulations 2006 in any case where you would be required to do so if you were a contracting authority;
 - d) unless the Secretary of State agrees otherwise in writing, pay the person from whom the goods, works or services are purchased within 30 days of receiving a valid invoice from that contractor.

State Aid

8. You must comply with all relevant conditions for the award of aid under Article 31 of General block exemption Regulation, in so far as these have not been incorporated into any other condition in the grant offer letter or this Annex.

Intellectual property

9. In undertaking the Project and in relation to paragraph 4 (Other conditions relating to the Project), you must not infringe the intellectual property rights of any third party.

Compliance with the law

10. You must comply with all laws and regulatory requirements.

Your responsibility for employees, contractors, agents and partners

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

Warranties

12. In accepting the grant and any payment of it, you represent and warrant that:
 - a) you have full capacity and authority to undertake the Project and to agree to the terms and conditions of the grant offer letter and its Annexes;
 - b) you have obtained any consents necessary to undertake the Project;

- c) the information and evidence in your application remains true, complete and accurate, and that your circumstances have not materially changed since your application; and
- d) you comply with all terms and conditions of that letter and its Annexes, and are aware of the existence of no circumstances entitling the Secretary of State to reduce or withdraw the grant or to require you to repay it.

13. In accepting the grant and any payment of it, you represent and warrant that you know of the existence of no circumstances which might materially and adversely impact on your ability to undertake the Project or comply with the terms and conditions of the grant offer letter and its Annexes including (without limitation):

- a) any contractual obligations;
- b) any legal or administrative proceedings (such as any litigation or any wind-up or insolvency proceedings); or
- c) any circumstances which might give rise to such proceedings.

Limitation of liability

14. 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 the grant offer letter and its Annexes and to the Secretary of State's rights set out therein). You remain entirely responsible for your risks and liabilities in undertaking the Project, and 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

15. 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.

Annex 4

Grounds for reduction, withdrawal and repayment

Grounds relating to performance

Non-compliance with requirements

1. A material failure to comply with a term or condition of the grant offer 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) comply with any deadline required to be met;
 - c) provide information or evidence required; or
 - d) comply with any of the conditions in **Annex 3**.

Overpayment

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

Recovery of sums due under other agreements etc

3. 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 your Project

4. 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

5. 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.

Takeover

6. You are subject to a change of control (including a takeover, merger or de-merger) (control being interpreted in accordance with section 1124 of the Corporation Tax Act 2010) where the Secretary of State reasonably considers that the change makes (or would have made) a material difference to:
- c) your eligibility for the grant (in accordance with; or
 - d) the conditions on which it is appropriate to award the grant.

Cessation of business, insolvency and wind up etc

Cessation of business

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

Insolvency and bankruptcy etc

8. 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 its 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).

Probity etc

Your application and correspondence

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

Misuse of the grant

10. 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

11. 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

12. The Secretary of State becomes aware that you, or a connected person referred to in regulation 23(1) of the Public Contracts Regulations 2006² have been convicted for:
- 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
 - d) any equivalent offence in another jurisdiction to which you are subject.

² S.I. 2006/5.