



Ministry of Housing,
Communities &
Local Government

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Suzanne Clarke
*Deputy Director, Local Government Finance
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**Ministry of Housing, Communities and
Local Government**

Fry Building
2 Marsham Street
London
SW1P 4DF

31 March 2021

Dear Phil,

**REVENUE GRANT DETERMINATION (RING-FENCED) – REDCAR AND CLEVELAND
BOROUGH COUNCIL**

The Secretary of State for Housing, Communities and Local Government (“the Minister of State”), in exercise of the powers conferred by section 31 of the Local Government Act 2003, makes the following determination:

Citation

1) This determination may be cited as the 31/5470 Determination 2021.

Purpose of the grant

2) The purpose of the grant is to provide support to Redcar and Cleveland Borough Council towards expenditure that is directly attributable to recovery from the ransomware attack that the Council experienced on 8 February 2020.

Determination

3) The Minister of State determines the authority to which the grant is to be paid and the amount to be paid to be those set out in Annex A.

Grant conditions

4) Pursuant to section [31(3) and] 31(4) of the Local Government Act 2003, the Minister of State determines that the grant will be paid subject to the conditions in Annex A.

Treasury consent

5) Before making this determination in relation to local authorities in England, the Minister of State obtained the consent of HM Treasury.

Signed by authority of the Secretary of State for Housing, Communities and Local Government.

Suzanne Clarke
Deputy Director, Local Government Finance Stewardship
Digitally Signed: 31/03/2021

ANNEX A

Authorities to which grant is to be paid: Redcar and Cleveland Borough Council
Amount of grant to be paid: £3.68m

GRANT CONDITIONS

1. In this Annex:

“the Project” means those outputs, activities, milestones and targets identified in the final assessment of Redcar & Cleveland Borough Council’s ransomware attack recovery costs that are eligible for Government support as agreed with MHCLG;

“the Department” means the Ministry for Housing, Communities and Local Government;

“the Authority” means Redcar and Cleveland Borough Council;

“the Secretary of State” means the Secretary of State for Housing, Communities and Local Government.

2. Grant will only be paid to the Authority to support eligible expenditure.

Eligible expenditure

3. Eligible expenditure means payments made by the Authority or any person acting on behalf of the Authority, between 1 April 2020 and 31 March 2021, for the purposes of the Project.

4. If the Authority incurs any of the following costs, they must be excluded from eligible expenditure:

- a) contributions in kind
- b) payments for activities of a political or exclusively religious nature
- c) depreciation, amortisation or impairment of fixed assets owned by the Authority
- d) input VAT reclaimable by the Authority from HM Revenue & Customs
- e) interest payments or service charge payments for finance leases
- f) gifts, other than promotional items with a value of no more than £10 in a year to any one person
- g) entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations)
- h) statutory fines, criminal fines or penalties

5. The Authority must not deliberately incur liabilities for eligible expenditure before there is an operational need for it to do so.

6. For the purpose of defining the time of payments, a payment is made by the Authority when money passes out of its control (or out of the control of any person acting on behalf of the Authority). Money will be assumed to have passed out of such control at the

moment when legal tender is passed to a supplier (or, if wages, to an employee), when a letter is posted to a supplier or employee containing a cheque, or an electronic instruction is sent to a bank to make a payment to a supplier or employee by direct credit or bank transfer.

Payment arrangements

7. Grant will be paid in one instalment.

External Assurance Review

8. The Authority must undergo an external assurance review focused on its financial position, to be completed by 30 July 2021 unless a later date for completion is advised by the Department, and to be commissioned by MHCLG, with the intention of agreeing to a plan to address any recommendations.

Report on Cyber Resilience

9. The Authority will provide MHCLG with an independent assessment on the outcomes of the work undertaken to recover from the cyber-attack and build future cyber resilience. This assessment must be shared with MHCLG by 30 September 2021.

Financial Management and Reporting

10. The authority must inform the Department promptly of any significant financial control issues raised by its internal auditors in relation to this grant.
11. If the Department or the authority identifies any overpayment of grant, the authority must repay this amount within 30 days of being asked by the Department.
12. The Secretary of State may at any time require a further external validation to be carried out by an appropriately qualified independent accountant or auditor, on the use of the grant.
13. The authority must maintain a sound system of internal financial controls.
14. If the authority has any grounds for suspecting financial irregularity in the use of any grant paid under this funding agreement, it must notify the Department immediately, explain what steps are being taken to investigate the suspicion and keep the Department informed about the progress of the investigation. For these purposes "financial irregularity" includes fraud or other impropriety, mismanagement, and the use of grant for purposes other than those for which it was provided.

Records to be kept

15. The authority must maintain reliable, accessible and up to date accounting records with an adequate audit trail for all expenditure funded by grant monies under this Determination.

16. The authority and any person acting on behalf of the authority must allow:
- a) the Comptroller and Auditor General or appointed representatives; and
 - b) the Secretary of State or appointed representatives;
- free access at all reasonable times to all documents (including computerised documents and data) and other information as are connected to the grant payable under this Determination, or to the purposes for which grant was used, subject to the provisions in paragraph 17.
17. The documents, data and information referred to in paragraph 15 are such which the Secretary of State or the Comptroller and Auditor General may reasonably require for the purposes of his financial audit or any department or other public body or for carrying out examinations into the economy, efficiency and effectiveness with which any department or other public body has used its resources. The Authority must provide such further explanations as are reasonably required for these purposes.
18. Paragraphs 15 and 16 do not constitute a requirement for the examination, certification or inspection of the accounts of the Authority by the Comptroller and Auditor General under section 6(3) of the National Audit Act 1983. The Comptroller and Auditor General will seek access in a measured manner to minimise any burden on the Authority and will avoid duplication of effort by seeking and sharing information with the Audit Commission.

Breach of Conditions and Recovery of Grant

19. If the Authority fails to comply with any of these conditions, or if any overpayment is made under this grant or any amount is paid in error, or if any of the events set out in paragraph 26 occurs, the Secretary of State may reduce, suspend or withhold grant payments or require the repayment of the whole or any part of the grant monies paid, as may be determined by the Secretary of State and notified in writing to the Authority. Such sum as has been notified will immediately become repayable to the Secretary of State who may set off the sum against any future amount due to the Authority from central government.
20. The events referred to in paragraph 19 are:
- a) the Authority purports to transfer or assign any rights, interests or obligations arising under this Determination without the prior agreement of the Secretary of State;
 - b) any information provided in any application for grant monies payable under this Determination, or in any subsequent supporting correspondence is found to be significantly incorrect or incomplete in the opinion of the Secretary of State;
 - c) it appears to the Secretary of State that other circumstances have arisen or events have occurred that are likely to significantly affect the Authority's ability to achieve the outputs, activities, milestones and targets set out in the bid.