



European Maritime and Fisheries Fund - ('EMFF') Framework Agreement

This Framework Agreement is made between:

- (1) The **Marine Management Organisation** whose head office is at Lancaster House, Monarch Road, Newcastle Business Park, Newcastle Upon Tyne, NE4 7YH (the '**MMO**'); and
- (2) The **Northumberland County Council** (the '**Lead Partner**') whose office is Corporate Programmes and External Funding, Corporate Resources, Northumberland County Council, County Hall, Morpeth, NE61 2EF on behalf of the **North Of Tyne Fisheries Local Action Group** (the '**FLAG**')

("the Parties")

INTRODUCTION

- A** The MMO is the designated intermediate body for the delivery of the European Maritime and Fisheries Fund scheme (the '**EMFF**') in England.
- B** The FLAG is a local group made up of members of local communities from a specified geographic area of England which complies with Article 32(2)(b) of Commission regulation (EC) 1303/2013. The FLAG makes recommendations on applications for European grant funding based on Article 61 of Commission Regulation (EC) 508/2014.
- C** This Framework Agreement governs, among other things, the management of EMFF Community-Led Local Development. It sets out the principles and standards that the MMO expects the FLAG to comply with and to uphold.
- D** This Framework Agreement sets out the FLAG's role in the EMFF process which includes appraising third party applications for EMFF funding and making recommendations to the MMO, issuing Offer Letters on behalf of the MMO and examining claims for Grant against the MMO's criteria prior to submission to the MMO for determination.
- E** The Lead Partner shall be responsible for ensuring that the FLAG complies with the terms of this Framework Agreement and it shall indemnify the MMO in respect of any loss or damage occasioned by a breach of this Framework Agreement by the FLAG.

THE PARTIES AGREE AS FOLLOWS:

1 DEFINITIONS

“Beneficiary” is a natural or legal person who is the ultimate recipient of public aid.

“Business Case” is a document which is submitted to the FLAG by potential FLAG Grant Recipients as part of the funding application process where total project costs are more than £25,000.

“Code of Conduct” means the principles specified in the Localism Act 2011, namely selflessness, integrity objectivity, accountability, openness, honesty and leadership.

“Document” means anything in which information of any description is recorded.

“Durability” of operations is for a minimum of five years from the final payment to the Beneficiary and covers the extent to which the values of the characteristics of the project are maintained during the working life as per Article 71 of Commission Regulation (EC) 1303/2013.

“Eligible Expenditure” is funding for EMFF projects which falls within the MMO/Defra local rules and the themes set out in the Local Development Strategy and also in accordance with Article 62 of Commission regulation 508/20014.

“Eligibility Rules” are the rules contained in the Local Development Strategy and Article 62 of Commission regulation 508/2014.

“EU Procurement Requirements” includes, but is not restricted to the Public Contracts Directive (2014/24/EU), The Public Contracts Regulations 2015 (SI 2015 No. 102) The Utilities Directive (2014/25/EU), The Utilities Contracts Regulations 2016 (SI 2016 No. 274) The Concessions Directive (2014/23EU), The Concession Contracts Regulations 2016 (SI 2016 No. 273, The Public procurement (Amendments, Repeals and Revocations) Regulations 2016 and the principles of transparency, non-discrimination, equality of treatment, proportionality and mutual recognition in the EC Treaty.

“Fisheries Related Offence” means any offence, relating to sea fishing which is contrary to the provisions of UK domestic law, enforceable Community restrictions or enforceable EU obligations.)

“Grant” is the amount of EMFF funding and, where appropriate, any National funding which is awarded in the Offer Letter to the Grant Recipient.

“Grant Recipient” is the natural or legal person who is responsible for the grant application and who will be responsible for ensuring the delivery of the targets and benefits which are agreed in the Offer Letter.

“Guidance on Serious Infringements and Fraud” means guidance which sets out the practical operation of Commission Regulation 2015/288 detailing those who will be ineligible to receive Funding under the EMFF Scheme.

“Ineligible Projects” are applications for Grant which do not comply with the themes set out in the Local Development Strategy and also in accordance with Article 62 of Commission regulation (EC) 508/2014.

“Local Development Strategy” is the document which sets out the high level aims and objectives of the FLAG group. The Local Development Strategy contains Themes under which Grants are offered.

“Management Information” is qualitative and quantitative operational and financial data.

“Offer Letter” is the Document which is issued by the FLAG to the Grant Recipient which sets out the amount of Grant which is offered, along with any stipulations by the MMO which the Grant Recipient must comply with as a condition of receiving the Grant.

“Post Project Monitoring” means a check on compliance with European Community rules post payment of the Grant. This includes checks carried out on environment, equal opportunities, procurement and publicity. This will be a formal written review and also an on-site inspection based on a checklist containing standard questions relating to compliance with Community rules. The sample size for written and on-site inspection will be communicated by the MMO.

“Project” a scheme of agreed activity delivered to specific timescale and quality as defined in an application and supporting documentation recommended by the FLAG and ratified by the MMO.

2 INTERPRETATION

2.1 In this Framework Agreement:

- a.** reference to any statute or any section thereof or legislation shall include any statutory extension or modification, amendment or re-enactment of such statutes and include all instruments, orders, bye-laws and regulations for the time being made, issued or given thereunder or deriving validity therefrom, and all other legislation of the European Union that is directly applicable to the United Kingdom;
- b.** reference to any condition, sub-condition, paragraph, sub-paragraph or schedule without further designation shall be construed as a reference to the condition, sub-condition, paragraph, sub-paragraph or schedule to this Framework Agreement so numbered;

- c. reference to “including” shall be construed so as not to limit the generality of any words or expressions in connection with which it is used;
 - d. words importing one gender shall include all genders and the singular shall include the plural and vice versa;
- 2.2** This Framework Agreement includes any variations hereto made from time to time and any agreement expressed to be supplemental hereto;
- 2.3** The consent approval or agreement of the MMO required pursuant to the terms of this Framework Agreement shall not be construed as having been given unless provided in writing;
- 2.4** The headings of this Framework Agreement will not affect its interpretation;
- 2.5** The Annexures annexed to this Framework Agreement and the MMO’s letter of 31st October 2016 setting out the financial allocation shall have the same force as if expressly set out in the body of this Framework Agreement.

3. DURATION

- 3.1** This Framework Agreement shall take effect from the date on which the Parties have signed below and continue up until 31 March 2020 unless terminated earlier in accordance with the terms of this Framework Agreement (‘the Term’).

4. FINANCIAL ALLOCATION

- 4.1** The FLAG is allocated the level of funding as set out in the MMO’s letter of 31st October 2016 made up of £600k EMFF funding and £200k Defra funding (the “Financial Allocation”).
- 4.2** The MMO shall have the right to increase or decrease the Financial Allocation as necessary. Such a decision must be based on reasonable evidence and will be communicated to the FLAG in a timely manner taking into account potential and approved Projects.
- 4.3** The FLAG will ensure that suitable resources are made available to support the effective delivery of the scheme in the FLAG’s area.
- 4.4** Funding provision for Management and Administration (‘M&A’) is limited to a maximum of 25% of the Financial Allocation (as per Article (44) of Commission Regulation (EC) 1303/2013) and M&A cannot be increased.

- 4.6 The M&A must be drawn down by the FLAG **proportionately** to ensure that it lasts the duration of the Term. Animation and staff costs must be calculated in line with Defra grade structure.
- 4.7 The FLAG must ensure funding provision is made for knowledge and best practice exchange including but not limited to the costs associated with attendance at FLAG visits, exchanges, and meetings for the duration of the FLAG programme. This includes travel and subsistence costs where necessary and in accordance with MMO's Travel and Subsistence Policy.
- 4.8 The MMO will carry out a regular financial review at least every six months to ensure FLAG's compliance with the terms of this Framework Agreement.

5. OPERATIONAL TIMETABLE

The FLAG must ensure that:

- 5.1. The FLAG is fully established and has undertaken an official launch by 31 March 2017 at the latest.
- 5.2. All Project commitments are in place and Offer Letters issued to applicants (on behalf of MMO) so as to enable a reasonable amount of time to allow works to be completed and claims to be made in accordance with Clause 5.3 and also whilst United Kingdom remains a member of the EU.
- 5.3. All complete claims for Grant must be submitted by the FLAG to the MMO's Finance department by 31 December 2019 at the latest.
- 5.4 Within two weeks of expiry of the Term to return to the MMO at the FLAG's expense all Documents relevant to the obligations carried out by the FLAG under this Framework Agreement and any Management Information (including but not limited to all information listed in Clause 14).

6 RECOMMENDATION OF ELIGIBLE EXPENDITURE

- 6.1 The FLAG shall recommend the approval of the Grant only in respect of Eligible Expenditure, to the conditions under the EMFF regulation to a delegated approval up to £100,000 (total project cost). The MMO reserve the right to overrule any non-eligible recommendation made by the FLAG. Projects recommend by FLAG with total project costs of £100,000 or more are subject to MMO panel processes.
- 6.2 Eligible Expenditure excludes payments made by the Grant Recipient that are ineligible by virtue of any provision in the Eligibility Rules (for example the items of expenditure set out in Annex B).

7 THE APPLICATION FORM AND BUSINESS CASE

7.1 In appraising a Project and determining the merits of recommending Grant support for it, the FLAG will take into account the application form and where required the Business Case and supporting documents submitted by the applicant. The FLAG must ensure that all applications have been checked in line with the EMFF Scheme Procedure, contained within MMO desk instructions, prior to submission to the MMO. The Offer Letter shall provide that no disclaimer or other statement that precludes the right of any person to rely upon the application form, Business Case or any other document that forms part of the application, or has a similar effect, shall apply with respect to the MMO or the FLAG or affect the right of the MMO and the FLAG to enforce any provision of the Offer Letter.

7.2 For the avoidance of doubt, Clause 7.1 is intended to ensure that:

- a.** no disclaimer of liability for the contents of the Business Case affects the right of the MMO and the FLAG to recover any sum under the Offer Letter; and
- b.** there is reserved to the MMO and the FLAG any rights of action or remedies for any mistake, misrepresentation or error of judgment made in the Business Case upon which the FLAG or the MMO have relied in agreeing to provide Grant to the Grant Recipient.

8 OFFER LETTERS

8.1 The MMO shall draft each Offer Letter to be issued by the FLAG to a Grant Recipient.

8.2. An Offer Letter will include as a minimum the Standard Terms and Conditions at Annex A plus any bespoke Terms and Conditions as the MMO considers necessary.

8.3 The FLAG does not have any authority to amend or vary any of the Terms and Conditions contained in an Offer Letter.

9. APPLICANT REIMBURSEMENT

9.1 The FLAG must ensure that any claim forms submitted by a Grant Recipient for payment of the Grant (paid by the MMO to the Grant Recipient in arrears) are completed accurately and are accompanied by appropriate supporting documentation in line with EMFF guidance before forwarding the MMO.

9.2. The FLAG's recommendation for reimbursement is not determinative and the MMO reserves the right to refuse payment of the Grant to the Grant Recipient and return incomplete claims to the FLAG for rectification prior to re-assessment by MMO.

9.3 In any event the MMO reserves the right to refuse a payment of the Grant where it does not comply with the requirements of the EMFF.

10 GOOD FAITH AND COOPERATION

10.1 The FLAG covenants with the MMO that:

- a.** It will at all times act with the utmost good faith towards the MMO and will at all times co-operate with the MMO;
- b.** It will comply with all the MMO's reasonable requirements in relation to the Projects; and
- c.** It will not do anything which will put the MMO in breach of any of its obligations in relation to the EMFF.

10.2 The FLAG will immediately inform the MMO if it becomes aware of, or reasonably suspects, fraud or other irregularity in relation to EMFF.

10.3 The FLAG will both co-operate and liaise with the MMO regularly to ensure the effective delivery of the EMFF scheme.

10.4 The FLAG shall ensure that its members act in their official capacity in accordance with the FLAG's own Code of Conduct.

10.5 The Flag shall ensure that its members are made aware that any person who applies for a grant and who gives information knowing it to be false or not believing it to be true is guilty of a criminal offence. It would also be an offence to knowingly assist a person to give information knowing it to be false or not believing it to be true.

11 COMPLIANCE WITH LEGISLATION

11.1 The FLAG must secure compliance with the following legislation and policy, insofar as relevant to any Project:

- a.** Commission Regulation (EC) 1303/2013, Commission Regulation (EC) 508/2014, and with any other applicable legislation all as may be amended from time to time;
- b.** European Union state aid rules;
- c.** EU Procurement Regulations; and
- d.** The UK European Maritime and Fisheries Fund Management and Control System.

12 REVIEW

12.1. The MMO will carry out a review at least annually (or more frequently if MMO deems necessary) of the FLAG's performance and the Local Development Strategy.

12.2 In preparation for the a review the FLAG must submit to the MMO at least two weeks in advance an appraisal of the Local Development Strategy and with proposals for any required changes identified.

12.3. MMO will review the FLAG's response alongside its own views, inviting discussion with the FLAG where necessary, before the MMO makes a decision or recommendation as a result of the review.

13 OFFENCES AND CONVICTIONS

13.1 If a FLAG member or a Grant Beneficiary is convicted of a serious infringement or has committed fraud, under European Fisheries Fund ('EFF') or EMFF, he or she shall be disqualified from participating in the activities of the FLAG and the MMO shall be notified immediately.

13.2 If, at any time during the duration of a Project the Grant Recipient is convicted of Fisheries Related Offence the MMO may take such enforcement action, including criminal prosecution as it considers appropriate. In such circumstances the MMO may also seek to recover any grant paid. The MMO shall be notified immediately if a Grant Recipient is convicted of a fisheries related offence or fraud.

13.3 Guidance on Serious Infringements and Fraud can be found on the MMO website: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/492130/Guidance_on_serious_infringements_and_fraud.pdf

14 PROVISION AND RETENTION OF INFORMATION

14.1 The FLAG shall maintain full and accurate accounts and documentary records on an open book basis and the FLAG shall permit the MMO and persons authorised by the MMO (including the EMFF UK Audit Authority, EMFF UK Certifying Authority, National Audit Office, Audit Commission and European Commission and European Court of Auditors Staff) to have access to the FLAG's premises and all documents in its possession at all reasonable hours to inspect, audit and take copies of all documents properly considered to be relevant to the EMFF scheme.

14.2 The FLAG will provide such Management Information to the MMO as the MMO may reasonably require. The MMO shall be entitled to ask for further information and clarification in relation to the Management Information provided by the FLAG and the FLAG shall reply to such a request for further information and clarification within a reasonable time.

14.3 The FLAG must assist MMO in meeting the obligation under Article 59(5) of the Financial Regulation below through the timely submission of information as requested by MMO.

14.4 The FLAG shall be responsible for ensuring continuity for records management, complaint resolution, appeals, Post Project Monitoring, audit and any other requirements relating to the administration of the scheme which the MMO deem to be reasonable and shall communicate to the FLAG. If the FLAG or any successor ceases

to exist, then all records and information shall be expeditiously transferred to the MMO.

15 RECOVERY OF MONIES DUE ON INELIGIBLE PROJECTS

15.1 The FLAG shall co-operate fully with the MMO in any efforts made to recover monies due on Ineligible Projects. In particular, the FLAG shall ensure that all documents and information relating to Ineligible Projects are made available to the MMO as soon as reasonably practicable to support the recovery of these monies.

16 COMPLAINTS

16.1 The FLAG shall operate a fair, transparent and accessible procedure for dealing with complaints against it and against its members in respect of any of their acts or omissions in the course of administering applications for Grant under EMFF. Details of the FLAG's complaints procedure process should be published and made freely available upon launch of the FLAG. The FLAG must inform MMO of any complaints received as soon as reasonably practicable and following resolution.

17 APPEALS

17.1 There shall be a right of appeal from any decision of the FLAG to reject an application for Grant under the EMFF and this process should be a fair, transparent and accessible procedure. The FLAG will deal with all written appeals expeditiously. Details of this process must be published and made freely available. FLAG must inform MMO of any appeals received as soon as reasonably practicable and following resolution.

18 PROJECT MONITORING

18.1 The FLAG shall carry out Post Project Monitoring on a sample of completed Projects following guidance from the MMO on Projects to be selected and the sampling methodology, if required. The FLAG will ensure that the MMO is informed of all Post Project Monitoring checks which have been carried out by the FLAG and all results.

19 PUBLICITY

19.1 The Parties will work together on joint publicity for Projects as deemed appropriate following consultation with each other.

20 DISPUTE RESOLUTION

20.1 Where any dispute or difference arising out of the administration of the EMFF or as a result of the obligations under this Framework Agreement cannot be resolved at working level escalation through the MMO's England Intermediate Body Senior Manager is the first the course of action to seek resolution of the issue with an equivalent level within the Lead Partner.

20.2 Only if resolution cannot be achieved in accordance with Clause 20.1 above a decision making panel will be convened to consider the merits of the case. The panel will include senior members of the MMO who were independent of the original decision making process. The final and binding decision will ensure the outcome is fair and transparent.

21. TERMINATION

21.1 This Framework Agreement may be terminated before the expiry of the Term:

a) by mutual agreement of the Parties; or

b) by the MMO giving one month's notice where the FLAG is in material breach of this Framework Agreement either by virtue of its performance or otherwise and the MMO is of the view that such a material breach or breaches cannot be rectified.

21.2 Where this Framework Agreement is terminated in accordance with Clause 21.1 above, Clause 5.4 shall also apply in respect of the return to MMO of any relevant Documents and Management Information.

21.3 Where this Framework Agreement is terminated in accordance with Clause 21.1(b), a decision making panel will be convened as set out in Clause 20.2 to determine the financial implications (if any) of termination as a result of a material breach or breaches.

22. INDEMNITY

22.1 The Lead Partner hereby covenants fully to indemnify the MMO in respect of any loss, expenses, costs, actions, demands, liabilities and damage arising directly or indirectly out of a breach of this Framework Agreement by the FLAG.

23. FREEDOM OF INFORMATION

23.1 The Parties acknowledge that they are each bound by freedom of information legislation (Freedom of Information Act 2000 and Environmental Information Regulations 2004 and Data Protection Act 1998) and that each Party is subject to statutory obligations for disclosure and publication of certain information, and as such cannot undertake not to release information (including any confidential information) where this would conflict with such laws.

23.2 Where one Party receives a request for information, either relating to or held on behalf of, the other Party (including a request for the terms of this Framework Agreement), the receiving Party will consult with the other Party for representations

before disclosing any information. The Parties acknowledge that the Party to who received the request has the final decision and responsibility for responding to the request.

24 JURISDICTION

24.1 This Framework Agreement shall be governed by and construed by and in accordance with the law of England and each party submits to the exclusive jurisdiction of the English Courts.

25 VARIATION

25.1 Any change or variation to this Framework Agreement shall be effective only if in writing, signed by the Parties and annexed to this Framework Agreement.

Signature of the Parties who have executed this Agreement in duplicate on the date below.

Signed on behalf of the Marine Management Organisation

Signed on behalf of the MMO

Name

Role

Date

Signed on behalf of the Lead Partner

Signed on behalf of the Authority

Name

Role and Organisation

.....

Date

.....

ANNEX A

TERMS AND CONDITIONS

Conditions of European Funding

1. In these Conditions:

- (a) You means the funding recipient. You will be responsible for ensuring that all of the terms and conditions for European funding are fulfilled. In particular, this means that you will be expected to retain ownership of the work which is being European funded**
- (b) We means the Marine Management Organisation.**

General Conditions

- 2. You must inform the Marine Management Organisation in writing and await approval of any of the following changes before you implement them;**
- If you plan to modify your project;**
 - If you plan to change the funding package;**
 - If you plan to increase or decrease the cost of the project;**
 - If you plan to change the contractors and/or suppliers specified in the Offer Letter;**
 - If you plan to change the timetable of the project; or**
 - If you plan to sell any item of infrastructure or stop or relocate any activity which the project is dependent on.**
- 3. You must provide justification for any such changes by either notifying us on your account on the EMFF e-system or writing to us at the address provided in this Offer Letter. If you fail to notify us, any resulting costs associated with the change could become ineligible for European funding. Additionally, if you make any changes to your project without our prior approval, we may revise or cancel the European funding award.**
- 4. The information provided in this letter must only be taken as a guide to the available funding. The legal basis for the European funding is Article 38 of Council Regulation (EC) 508/2014.**

- 5. The award of European funds is based on statements made by you or your representative or agent in your application form and, if applicable, subsequent correspondence. The making of false statements is an offence.**

- 6. If the European funds awarded to you are not used for the purpose for which it was granted it will breach these conditions. In the event that false or inaccurate information is discovered, we may consider withdrawal of the offer of European funds and give consideration to investigating the matter further. We may take such enforcement action, including criminal prosecution for example under the Fraud Act 2006 as we consider appropriate. In such circumstances we may also seek to recover any European funding paid.**

- 7. Projects that have started, been physically completed or fully implemented prior to receiving a written acknowledgement from Marine Management Organisation even though they may meet the scheme objectives and priorities cannot be funded.**

- 8. The EMFF scheme cannot give funding retrospectively however there are exceptions to this rule. Costs incurred prior to acknowledgement of your application to the Marine Management Organisation and up to a value of 10% of the total eligible project costs can be considered eligible for reimbursement. These costs must be directly related to your project and considered essential to bringing your application to submission stage. The eligibility of these costs are at the Marine Management Organisation's discretion and are not guaranteed and are undertaken entirely at your own risk.**

- 9. Projects can commence after receiving a written acknowledgement from Marine Management Organisation. Any costs you have incurred between receiving your written acknowledgement from the Marine Management Organisation and receiving your written decision were incurred at your own risk as applying to the scheme does not guarantee approval of funding even if the project may meet the scheme objectives and priorities.**

- 10. You cannot use the European funds to cover the cost of interest on debt. You may not use the European funds for the purchase of land if it exceeds 10% of the total expenditure of the project.**

- 11. European funds cannot be paid in relation to any item not owned by you. Any items on hire purchase or leasing agreement must be paid for in full before they can be reimbursed by European funding.**

12. We cannot pay European funding on replacement equipment in the event of loss where the costs have been recovered in whole or in part under an insurance policy or by way of compensation or damages.

13. You as the applicant agree to meet any legal obligations imposed under EU and UK law, statutory instrument or by-law, to obtain any necessary consents, rights and way leaves, give any necessary notices and meet any specific rules, regulations and/or standards which may be relevant to the project. Measures relating to the improvement of the environment must comply with the requirements of EU and UK legislation relating to the Common Provision Regulation European Regulation (EC) No 1303/2013, the environment and to water quality.

14. For projects in the public sector, EU public purchasing rules must be fully adhered to.

15. It is your responsibility to ensure compliance with all relevant legal requirements of their projects, and to ensure that any goods or services purchased with European funding meets all necessary legal requirements. If gear or a piece of equipment purchased subsequently becomes obsolete or illegal then this is at your own risk. There can be no refunds or claims against the scheme in such circumstances.

16. There will be no automatic increase in the European funds awarded if the project costs increase. However, we will consider approving increased costs that could not have been reasonably forecast at the time that the application was approved. As European funding is provided as a percentage of eligible costs if the eligible costs decrease then so will the European fund award. Approval must be received in writing from the Marine Management Organisation prior to incurring the costs.

17. If you subsequently apply for and/or receive funding from a further source not stated on your application form, you must inform the other sources of any other funding you have been awarded, including EMFF and Marine Management Organisation funds. You must also inform the Marine Management Organisation of any such award of funds. If you receive funding from another source, this may affect your entitlement to European funding. Funding may be withheld, withdrawn or be required

to be repaid depending on the source, value, and conditions of other funding. In particular, you should not receive financial assistance for your project from another European Commission scheme.

18. Your claim for payment will not be paid if you have not accepted the terms of this Marine Management Organisation Offer Letter. You are required to sign and return the Acceptance of Offer of European funding to the European Grants Team at the Marine Management Organisation.

19. The European funding payable will relate to the amount of eligible expenditure you have incurred excluding recoverable VAT. An exception to this rule may be made if you are not registered for the purposes of VAT and you are unable to recover VAT from your costs. In such cases, a declaration that you are not VAT registered will need to be provided before payment on a VAT-inclusive basis can be considered.

20. In addition, if you were previously not VAT registered, but have subsequently become VAT registered, you must notify us as soon as possible.

21. The European funding will be paid only after proven expenditure has been incurred and a claim has been submitted to the Marine Management Organisation. Before any payments can be made, you must submit claims on the Claim Form in the EMFF e-system (other formats available upon request) together with all necessary documentation including original invoices or invoices emailed directly from the supplier along with your proof of payment i.e. a bank statement. At this stage you may be asked to provide further details and information in support of your claim.

22. You will be asked to provide evidence of other national match funding you have received if this applies to your project.

23. Awards should be claimed in accordance with the claims schedule agreed in your Offer Letter. The dates by which your project should be completed and claims submitted are also stated in this Offer Letter. The final claim must be submitted within 3 months of the end of your project as specified in this Offer Letter.

24. Failure to observe the timetable for carrying out the project could lead to the cancellation or reduction of the European funding awarded. However, before any such cancellation or reduction is made, we will seek an explanation for any delay from you.

25. All claims must also be accompanied by a progress report. It is important that we monitor the progress of all approved projects and you will therefore be asked to provide updates on progress with your project in line with the agreed schedule. Additionally you will be required to submit a progress report on your business and performance of the project on an annual basis for 3 years from the date of payment of the final payment of European funding. You will therefore have both 6 monthly progress reports and annual performance reports to provide.

26. We may withhold part or all of the funding we are not satisfied that you have properly incurred the expenditure or that you have not carried out any necessary actions relating to the funds.

27. We may require part or all of the European funding to be repaid if it transpires that you made a fraudulent statement in your application or subsequent correspondence, the European funds was not used for the purpose for which it was granted or any condition of European funding has not been complied with. You may be required to pay interest on the sum recovered.

28. If you fail to fulfil the conditions related to eligibility and duration, financial consequences and corrections will apply. In order to determine the amount of such a financial correction, the nature, gravity, duration and repetition of the infringement, offence or fraud and the importance of the European contribution to your project will be taken into account.

29. You must retain all original project-related documents for 5 years from the date of the last EMFF claim. At any time up to that date European Commission auditors may wish to inspect any or all original documentation, including, amongst other things, order forms and delivery notes for plant and equipment; bills of quantity; tenders, estimates and quotations; architects' (etc.) certificates; statements and invoices; relevant books of account; drawings, plans and technical specifications. Failure to

retain documentation or to allow documentation to be viewed as outlined is an offence and action may be taken by the Marine Management Organisation.

30. Wherever possible the project shall be available for inspection at all reasonable times by either European Commission, UK Government representatives, European Court of Auditors. You are required, if requested, to permit access to the vessel, vehicle or business premises related to the application for grant and information about your project to those parties noted above. You must provide them with access to relevant documents and give them such assistance as they may reasonably request in the exercise of their duties under the scheme.

31. The Marine Management Organisation may write to you subsequently to request certain information to assist it with the monitoring and evaluation of your project. Your name and address may therefore be passed (in confidence) to an evaluator commissioned by the Marine Management Organisation to undertake independent evaluation. Supply of this information within a reasonable period of the request is a condition of the payment of European funds. Failure to supply the information could lead to cancellation or reduction of the funding awarded, or a requirement to repay European funds already paid.

32. The priorities of the European Union In relation to sea fisheries, EU enforcement and control policies require the landing of all catches as provided for in Article 15 of Regulation (EU) No 1380/2013; of the catch certificate scheme provided for in Chapter III of Regulation (EC) No 1005/2008; and of traceability requirements, including labelling systems to ensure reliable information for consumers, as provided for by Article 58 of the Regulation (EC) No 1224/2009 and Article 67(6) of Implementing Regulation (EU) No 404/2011.

33. If the project generates net revenue during its implementation, the eligible expenditure of the project approved by the Marine Management Organisation shall be reduced by the net revenue not taken into account at the time of approval of the project. The net revenue considered must be directly generated during the projects implementation, not later than at the final payment claim submitted by you. Where not all the costs are eligible for funding, the net revenue shall be allocated pro rata to the eligible and non-eligible parts of the cost.

34. You must not modify your project within five years of the award of European funds if that modification would affect the nature of your project or any condition imposed on its implementation or would result in an unfair advantage being given to any third party, this is known as durability of operations. Within that period, you must also not dispose of any assets or infrastructure or stop or relocate any activity if that would result in a modification to your project.

35. If you are an owner of a fishing vessel, or supporting one through your project, that vessel shall not be transferred outside the European Union during at least the five years following the date of actual payment of that funding to you. If a vessel is transferred within that time-frame, sums unduly paid in respect of the project shall be recovered by the Marine Management Organisation, in an amount proportionate to the period during which the condition set out in the first sentence of this paragraph has not been fulfilled.

36. If you are an owner of a fishing vessel, or supporting one through your project, and the vessel is sold or transferred within the European Union during at least the five years following the date of actual payment of that funding to you, the new owner of the vessel must accept the terms and conditions of this offer of funding. If the new owner does not accept the terms and conditions of this offer of funding then you as the applicant may be required to re-pay all or some of the funding paid to you.

37. All installation and/or modification work undertaken by the owner/skipper of the vessel must meet MCA safety/stability requirements, whether funded by EMFF or otherwise. Responsibility for any work undertaken which renders a vessel unstable or unsafe remains entirely with the owner/skipper of the vessel.

38. Items purchased using public funding from the EMFF Scheme must be owned and used for their original purpose for a minimum of five years, except where State Aid rules provide for a different period or the items are leased. In the case of a project comprising investment in infrastructure or productive investment, and where the applicant is not a Micro, small or medium enterprise (SME), you will be required to repay the funding contribution from the EMFF scheme if, within 10 years of the final payment to the project, the project or its activity is subject to relocation outside of the European Union. Some or all of the funding for projects that do not meet the Durability of Operations above will be recovered.

39. The European Commission and the Marine Management Organisation will publish brief details of all successful projects; including legal entity or organisation's name, short project descriptions and any European funds awarded to ensure transparency. You as the applicant agree that acceptance of funding constitutes inclusion of your details in the list of projects to be published by the Marine Management Organisation in accordance with Article 119(2) of the EMFF Regulation.

40. You must comply with the provisions on ineligibility contained in Regulation (EU) 2015/288 and the ineligibility guidance to the UK EMFF scheme. You must notify the Marine Management Organisation if you are found to have committed a fraud (as defined in the guidance) or a serious infringement prior to applying for funding or at any point up to five years from the date of the final payment made under this offer of grant.

41. It is necessary to ensure that where possible a separate accounting system or code for funding transactions should be used.

42. You will need to comply with communication activities proportionate to the size of your project, such as the use of your website and/or social or print media, to inform the public about your project, its aims and the amount of European funding you received. In addition projects must acknowledge they have received European funding to the public. Projects must display;

(a) The Union emblem in accordance with the technical characteristics are available on the EC website

(b) A reference to the Fund or Funds supporting your project. This is most likely to be the European Maritime and Fisheries Fund (EMFF) however it's possible you have received funding from other European Funds in which case a reference the 'ESI Funds' meets requirements

c) Providing on your website, where such a website exists, a short description of the project, proportionate to the level of support, including its aims and results, and highlighting the financial support from the European Union;

(d) Placing, for projects not falling under point c above, at least one poster with information about the project (minimum size A3), including the financial support from

the European Union, at a location readily visible to the public, such as the entrance area of a building.

No later than 3 months after completion of your project, you must put up a permanent plaque or billboard of significant size at a location readily visible to the public for each project that fulfils the following criteria:

The total public funding for the project exceeds EUR 500 000 (based on the exchange rate at the time of application);

The project consists of the purchase of a physical object or of the financing of infrastructure or of construction operations.

The plaque or billboard shall state the name of the project as well as the EU logo, MMO logo and the phrase 'Investing in sustainable fisheries'.

If you are required to put up a plaque or billboard as above and you do not you will be deemed to have not fulfilled the terms and conditions of the grant awarded to you and funding may be recovered.

ANNEX B

EXAMPLES OF INELIGIBLE EXPENDITURE

For the avoidance of doubt the following items, though not an exhaustive list, are not eligible for reimbursement:

- expenditure incurred before the application acknowledgement has been received by the applicant overheads allocated or apportioned at rates materially in excess of those used for any similar work carried out by the applicant;
- costs incurred prior to the date of the application acknowledgment
- notional expenditure;
- payments for activity of a political nature;
- depreciation, amortisation and impairment of assets purchased with the help of the Grant;
- provisions;
- business operating costs;
- contingent liabilities;
- transfer of ownership of a business;
- contingencies;
- profit made by the claimant;
- repayments of loans on any items purchased or the costs of any items bought with a loan until the loan is repaid;
- any costs that can be recovered in full or part by making a claim on an insurance policy or by seeking compensation or damages;
- dividends;
- interest charges unless under an approved State Aid scheme;
- service charges arising on finance leases, hire purchase and credit arrangements;
- costs resulting from the deferral of payments to creditors;
- costs involved in winding up a company;
- payments for unfair dismissal;
- payments into private pension schemes;
- payments for un-funded pensions;
- compensation for loss of office;
- bad debts arising from loans to employees, proprietors, partners, directors, guarantors, shareholders or a person connected with any of these;
- payments for gifts and donations;
- entertainments;
- reclaimable VAT;
- statutory fines and penalties;
- criminal fines and damages;
- legal expenses in respect of litigation;

- expenditure on activities of a political or exclusively religious nature;
 - expenditure supported from other government sources, local authority Grants, charges paid by leaseholders, or EC structural funds, to the extent that the combined Grants and other support total more than 100% of the Project or scheme costs;
 - expenditure on works or activities which any person has a statutory duty to undertake,
 - any liability arising out of negligence;
 - payments made in advance of need;
 - any cost relating to insurance policies.
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- All expenditure must fall within the Themes set out in the FLAG Strategy and comply with Article 63 of Commission regulation (EC) 508/2014.