



Ministry of Housing,
Communities &
Local Government

Gill Hamer
Marches LEP

James Walton
Shropshire Council

Andrew Lovegrove
Herefordshire Council

14 February 2020

By Email:

Dear Gill, James and Andrew

re: Collective agreement in relation to NMiTE Phase 2 Project

This letter sets out the final approach to managing funding for the NMiTE Phase 2 project. It reflects the previous drafts shared with you.

The Marches LEP Board has awarded a £5.66m capital grant to this project, with the applicant being NMiTE.

It is agreed that the final date of eligible spend in relation to this grant is 31 March 2021.

It is agreed that Shropshire Council, as the Accountable Body for the Marches LEP Local Growth Fund, will delegate responsibility for managing this grant and the relationship with the applicant (NMiTE) to Herefordshire Council. The full grant amount of £5.66m will be transferred from Shropshire Council (as Accountable Body for the Marches LEP) to Herefordshire Council as soon as practicable upon receipt of the 2020/21 Local Growth Fund allocation from MHCLG and in advance of project delivery. Once completed, this action will enable the Marches LEP to demonstrate this element of the 2020/21 Local Growth Fund capital grant has been defrayed.

This is subject to:

- 1) A letter that is agreed between Shropshire Council (as Accountable Body for the Marches LEP) and Herefordshire Council that sets out:
 - o The information to be reported by Herefordshire Council to Shropshire Council (for example: expenditure, milestones achieved, outputs) and the timings of such reports to allow Shropshire Council to report to Marches LEP Board and MHCLG on the overall performance of the Marches LGF programme;

- That Herefordshire Council operates according to the National Local Growth Assurance Framework in all matters where it is acting as the local accountable body for the project;
 - That Herefordshire Council agree in principle that if the project delivery needs to extend beyond FY 2020/21, then Herefordshire Council can use its capital spend freedoms and flexibilities to achieve this. Herefordshire Council should notify any resultant alterations to project milestones to Marches LEP;
 - That Shropshire Council (as Accountable Body for the Marches LEP) will not seek to clawback funding on behalf of the Marches LEP on the basis that any project failure is for Herefordshire Council to manage and remedy locally and on the basis that MHCLG looks to the performance of the whole LGF programme not individual projects and the degree to which partners have recognised risks and put in place appropriate mitigation.
- 2) As a result of the above and Herefordshire Council acting as the accountable body for this project, Herefordshire Council are explicitly agreeing to:
- a) Managing the grant with NMiTE in accordance with the Government's National Local Growth Assurance Framework;
 - b) Finalising a grant funding agreement with NMiTE that has reasonable conditions to protect the public investment, manage and mitigate risks and enable the delivery of the project.
 - c) Holding the grant funding and managing payments to NMiTE on the basis that Herefordshire Council have assured themselves that claims are eligible.
 - d) Monitoring the project and providing regular reports to Shropshire Council (as the Accountable Body for Marches LEP) on the project and written or verbal updates to the Marches LEP Board and where requested reports to DfE and/or MHCLG.
 - e) Arranging to use its freedoms and flexibilities if required to help extend funding for the project into FY 2021/22.
 - f) Using any interest earned from holding the capital grant to provide professional, management and monitoring support to the project.
- 3) NMiTE are explicitly agreeing to
- g) Use best endeavours to conclude the grant funding agreement with Herefordshire Council in a timely and effective manner.
 - h) Ensuring they appoint a project team with the appropriate experience and technical capabilities to deliver the project, using proper contracting or appointment processes to do so.
 - i) Agreeing the detail of the delivery plan and milestones with Herefordshire Council to seek to complete the project within FY 2020/21.
 - j) Providing Herefordshire Council with regular reporting to allow Herefordshire Council to report on progress in line with the requirements set out in the letter between Herefordshire Council and Shropshire Council (as Accountable Body for the Marches LEP), with the form, content and regularity of these reports to be agreed between Herefordshire Council and NMiTE.
 - k) Providing Herefordshire Council with eligible expenditure claims and addressing any concerns raised by Herefordshire Council in a timely and appropriate manner.
 - l) Recognising the support provided by HM Government and The Marches LEP, in partnership with Herefordshire Council.

- 4) MHCLG are explicitly agreeing to
 - m) Appropriate wording in the Marches Local Growth Fund Grant Allocation Letter that sets out that £5.66m will be transferred by Shropshire Council (as the Accountable Body for the Marches LEP) to Herefordshire Council in respect of Herefordshire Council directly managing the grant with NMiTE.
 - n) To continue to work with all parties to support the effective implementation of this agreement.

On the basis of this agreed approach, the immediate next steps are:

- o) For Shropshire Council (as Accountable Body for the Marches LEP) and Herefordshire Council to agree jointly the letter as set out at 1) above. It would be helpful for MHCLG to be sighted on this letter but we do not anticipate any role in agreeing its detail.
- p) For Herefordshire Council to finalise the funding agreement with NMiTE and complete its own internal approvals to manage the funding and project relationship with NMiTE. It would be helpful for MHCLG, the Marches LEP and Shropshire Council (as Accountable Body for the Marches LEP) to be informed of progress and the successful agreement of this document.
- q) Funding of £5.66m in respect of NMiTE Phase 2 project to be transferred from Shropshire Council (as Accountable Body for the Marches LEP) to Herefordshire as soon as is practicably possible upon receipt of the 2020/21 Local Growth Fund allocation from MHCLG and in advance of project delivery.

Can I thank everyone for their positive approach to this.

Yours faithfully

Tony Bray

Area Director – Cities & Local Growth Unit

