

Supplement 2 to the agenda for

Cabinet

Thursday 14 December 2017

2.00 pm

**The Council Chamber - The Shire Hall, St. Peter's Square,
Hereford, HR1 2HX**

	Pages
8. PUBLIC ACCOUNTABLE BODY FOR NMITE	3 - 8



Meeting:	Cabinet
Meeting date:	Thursday 14 December 2017
Title of report:	Accountable body for NMiTE
Report by:	Cabinet member corporate strategy and budget

Supplementary paper to Cabinet agenda item 8

1. The proposal for the council to become the accountable body for NMiTE was considered by General Scrutiny Committee at its meeting on 13 December. The recommendations of the committee and the proposed response to those recommendations are provided below.
2. **Recommendation one** - Council be recommended to put in place a robust and appropriate governance framework to supervise the discharge of its responsibility as the accountable body itself, or delegate this role to a Committee/Sub-Committee providing sufficient detail on the mechanism by which this role is to be discharged is provided to any such body to enable it to fulfil its role.
3. **Response** - This is a matter for full Council as it could entail a change to the constitution, a report will be prepared for the next council meeting.
4. **Recommendation two** - the wording of paragraph 23 in the report to the Committee mirrored at paragraph 23 of the report to Cabinet on 14 December 2017 in relation to risk management be reviewed and amended as appropriate.
5. **Response** - the risk identified is the ability for the Department of Education to require a clawback of funds. Such a provision has not currently been included in the revenue grant determination letter but provision is contained in relation to the capital grant. The circumstances where such clawback can be required will need to be clarified with the Department and if there is any provision this will need to be reflected in the drawn down agreement with NMiTE to ensure that the council is able to clawback monies paid to NMiTE where ineligible funds have been released. Any risks in relation to clawback of the Local Enterprise Partnership funding for the project are mitigated through payment of grant being made against defrayed costs only and therefore ineligible expenditure will be discounted before any grant is released. The council should only be responsible for repayment where there is a failure as accountable body in making appropriate checks.
6. **Recommendation three** - subject to the above Cabinet be advised that the committee supports the proposal that the council acts as accountable body for public funding to support establishment of a new university in Hereford, provided assurances are given that no costs will be incurred by the council.

7. **Response** - the chief finance officer will ensure that costs incurred in providing the accountable body role are recovered from the grant funding allocated to the project.

Accountable Body

December 2017

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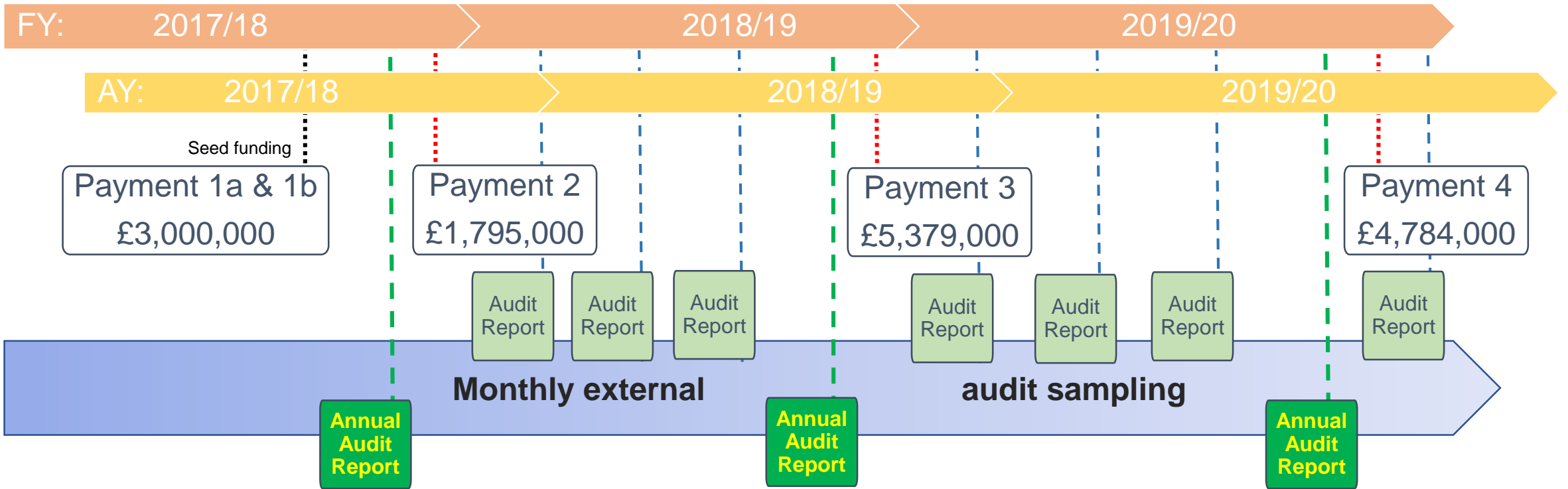
Eyes on hands off:

**Council to ensure that money is spent in accordance with grant.
Council is not responsible for the NMiTE business plan.**

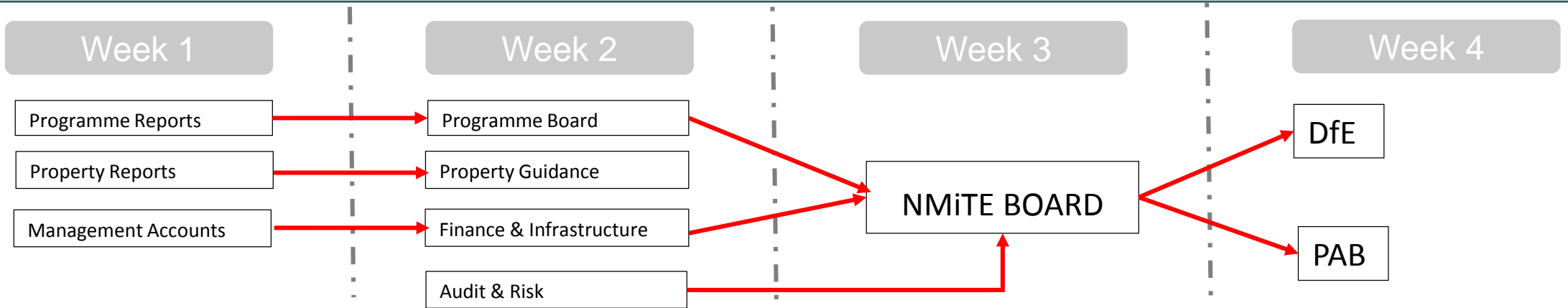
**Council to confirm to Government that milestones have been achieved.
Council's costs to be recovered from grant.**

Council is not being asked to cash flow NMITE

NMiTE – DfE Funding - Assurance Programme



NMiTE monthly reporting & control cycle



The Quarterly Audit Reviews are to provide assurance to the Department for Education (DfE), Herefordshire Council (HC), the Department of Communities & Local Government (DCLG), the Marches LEP (MLEP) and the Board of NMiTE that:

1. funding granted to NMiTE has been expended in accordance with HMT's guidance on *Managing Public Money*;
2. the **DfE Funding Stream** on the NMiTE project is progressing in line with the milestones set in the signed MoU between NMiTE, DfE and HC and its associated annexes; and as reflected in the Grant Letters for both revenue and capital funding streams between the DfE and HC;
3. the **DCLG/MLEP Funding Stream** on the NMiTE capital programme is in line with the projected capital spending and milestones set in the Funding Agreement between Shropshire Council (acting as the Public Accountable Body on behalf of MLEP) and HC; and
4. the timing and correlation of funding between DfE and DCLG/LEP funding streams is effective to ensure that sums committed and the need for future funding is timely and within the requirements laid down by the MLEP.