

<b>Decision maker:</b>	<b>Cabinet member finance and corporate services</b>
<b>Decision date:</b>	<b>Tuesday 5 January 2021</b>
<b>Title of report:</b>	<b>Transfer of Get Building Funding the New Model Institute Technology and Engineering (NMITE)</b>
<b>Report by:</b>	<b>Head of Economic Development, Economy and Place</b>

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

(All Wards);

## **Purpose**

To enable the accountable body, Shropshire Council, to delegate responsibility for managing the Get Building Funding grant and the relationship with the successful grant applicant NMITE to the council. The grant amount of £1.6m for the project will be transferred from the accountable body to the council, £800,000 in 2020/21 and £800,000 in 2021/22. The grant funding will be utilised to

accelerate development of NMITE's Centre for Automated Manufacturing on the Hereford Enterprise Zone.

## Recommendation(s)

That:

- (a) **The Council accept responsibility for managing the £1.6m Get Building Fund grant and the relationship with NMITE for the development of their Skylon Park campus.**
- (b) **The Chief Finance Officer be authorised, following consultation with the monitoring officer and cabinet member for finance, to complete such legal documentation including, but not limited to the funding offer letter from Shropshire Council and subsequent funding agreement between the council and NMITE to protect the council's interests as the project accountable body and take all operational decisions necessary to implement the above recommendations.**

## Alternative options

1. Do nothing – the council could decide not to be the accountable body for the project. This may result in NMITE not being able to access the approved funds, which would reduce the funding available to support recovery from Covid 19 in the county.

## Key considerations

2. The Marches Local Enterprise Partnership (LEP) has awarded £1.6m of government's Get Building Funding for NMITE's Skylon Park Campus Development. The Get Building Fund has been established by government to support economic recovery from Covid 19.
3. The funding will enable NMITE to accelerate the development of their Centre for Automated Manufacturing (CAM). The accelerated development will enable NMITE to complete the building sooner, creating new jobs and learning opportunities more quickly, supporting the recovery of the local economy through initially creating construction based employment and the operation of the CAM thereafter.
4. Covid 19 has had an unprecedented impact on the Herefordshire population and the local economy. In September 2020, the total number of claimants for out-of-work benefits was 5,000; a 137% increase since March 2020 compared to a 117% rise in England in the same period. A recent [report](#) by Grant Thornton for The County Councils' Network identified Herefordshire as one of the counties estimated to have experienced a greater than average decline in Gross Value Added (GVA) and classified 55.59% of employment in the county as currently 'at risk' compared to 48.78% in England as a whole. In August 2020 24,800 Herefordshire residents were furloughed through the Job Retention Scheme. Nationally and locally it is recognised that the economic impact of Covid 19 has had the greatest impact on younger generations.
5. The NMITE project will also meet the priorities of the County Plan 2020 to 2024. The County Plan has a stated ambition to expand the Hereford Enterprise Zone (Skylon Park). This is a council-led initiative within the Marches Local Enterprise Partnership (LEP) which is attracting new high-tech businesses to the county and delivering a growing number of well-paid jobs, whilst also regenerating a large brownfield site to the south of the city. The council's Corporate delivery plan has a stated objective to - enable and support the development & expansion of higher education in the county (NMITE, HCA).

6. The Marches LEP and Shropshire Council (as their accountable body) have asked that the Council manage the project on their behalf. The Council is already managing an aligned LEP Growth Deal funded NMITE project supporting the development of their campus on Skylon Park. The related Cabinet Member decision for the Growth Deal funded project can be found here: <http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=6712>
7. The letter from Shropshire Council (Appendix 1) states;  
  
*'The Accountable Body transfer to the County of Herefordshire District Council ("Herefordshire Council") £800,000 for the NMITE Skylon Park Campus GBF project as soon as practicable. This is to be used explicitly for the NMITE Skylon Park Campus Development GBF project. Please also note that is intended that a further £800,000 is to be transferred by the Accountable Body to Herefordshire Council for the NMITE Skylon Park Campus Development GBF project once the 2021/22 indicative allocation is paid by Ministry for Housing Communities and Local Government (MHCLG) to the Accountable Body.'*
8. The accountable body requires the Council to agree to the following conditions:
  - *From 2 November 2020 and thereafter on a quarterly basis Herefordshire Council will send to the Accountable Body the information as outlined in Appendix 3 [of the Get Building Grant Funding Agreement]. This information will allow the Accountable Body to report to the Marches LEP Board and MHCLG on the overall performance of the Marches GDF programme;*
  - *That Herefordshire Council operates according to the Government's National Local Growth Assurance Framework in all matters where it is acting as the local accountable body for the project;*
  - *That Herefordshire Council agrees 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 the Marches LEP as soon as the new milestones are agreed with NMITE.*
9. The accountable body confirms that neither it nor the Marches LEP will seek to clawback funding on the basis that any project failure is for the council to manage and remedy locally.
10. As stated in the letter from the accountable body, £800,000 of the grant has to be defrayed by the end of March 2021, with the remainder to be spent by the end of March 2022. NMITE are aware of the required timescales and the conditions of the grant funds will be clearly stated in the subsequent contract between the council and NMITE. The risk of achieving these timescales, and any resulting impacts on the remainder of the available grant, are NMITE's to manage.
11. NMITE have procured a main contractor to lead the construction of the building, they are currently finalising the design of the building and seeking planning approval. NMITE forecast construction works will commence in January 2021.

## Community impact

12. The Get Building Funding will enable NMITE to accelerate the development of the CAM, providing trade and employment to local contractors initially, as well as new jobs and learning opportunities when the centre is completed.
13. The NMITE project will also help address some of Herefordshire's longer term economic challenges, such as a low wage economy (weekly wages circa 20% below the national average), low productivity (27% below the national average), and ageing population (24% aged 65 or over). The development of Higher Education provision in Herefordshire could have a transformational impact in addressing these issues, retaining/ attracting younger generations to study and live in the county, attracting new businesses to invest in Herefordshire offering higher value employment opportunities, and establishing an engineering skills base in a sector where there is a recognised significant national shortage. Students living and studying in the county will also have a significant impact on the local economy.

## Environmental Impact

14. The council will not be responsible for the direct delivery of the Get Building Fund grant awarded to NMITE, the council will manage these funds on behalf of the Marches LEP who have already considered and approved NMITE's application for these funds.
15. However, NMITE are committed to minimising the environmental impacts of their Skylon Park campus. In completing the design of the building NMITE are working closely with Hereford Enterprise Zone environmental technical advisor, in seeking to achieve the highest rating against the Enterprise Zone's environmental standards. NMITE have commented that they intend their building to be one of the most sustainable on the Enterprise Zone.

## Equality duty

16. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
17. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on passing grant funding, we do not believe that it will have an impact on our equality duty.
18. NMITE are fully committed to ensuring that their future courses are openly accessible for all. For example, committed to ensuring a gender balance to those studying with them.

## Resource implications

19. The first £800,000 Get Building Fund grant will be received by the Council from the Marches LEP as soon as practicable upon signature of the funding offer letter (appendix 1), and a further £800,000 received at the start of 2021/22. It will then be released to NMITE in line with the grant funding agreement, with £800,000 expected to be claimed by the end of March 2021 and the remaining £800,000 end of March 2022.
20. The accountable body confirms that neither it nor the Marches LEP will seek to clawback funding on the basis that any project failure is for the Council to manage and remedy locally.
21. An experienced member of the council's Economic Development Team who is currently responsible for managing the aligned Growth Deal funded project will be responsible for reviewing the claims and monitoring the progress of the Get Building Fund contract. As the Get Building Fund is focussed on accelerating the delivery of the same project outputs and outcomes, it is not anticipated that this will require a significant increase in officer capacity.
22. In appendix 2 of the Shropshire Council Funding Offer letter the Ministry of Housing Communities and Local Government state that Herefordshire Council can *'Use any interest earned from holding the capital grant to provide professional, management and monitoring support to the project'*.

Revenue or Capital cost of project (indicate R or C)	2020/21	2021/22	Future Years	Total
Get Building Fund (c) Grant to NMITE	£800,000	£800,000	£0	£1,600,000
<b>TOTAL</b>	<b>£800,000</b>	<b>£800,000</b>	<b>£0</b>	<b>£1,600,000</b>

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2020/21	2021/22	Future Years	Total
Get Building Funding Grant to Herefordshire Council	£800,000	£800,000	£0	£1,600,000

<b>TOTAL</b>	<b>£800,000</b>	<b>£800,000</b>	<b>£0</b>	<b>£1,600,000</b>

## Legal implications

23. The Get Building Funding of £1.6 million is to be transferred to the council by Shropshire Council, the accountable body for the Marches Local Enterprise Partnership (Marches LEP).
24. The council will ensure that the conditions attached to the funding when it is transferred to the council are 'flowed-down' to NMITE under a separate legally binding agreement that is yet to be entered into.
25. There is no formal legal status given to the council being a publically accountable body for the Get Building grant funding. However, the council's general duties relating to the use of public money and expenditure would continue to apply,
26. The council does not have a duty to enter into these arrangements but it has the power to do so under Section 1 of the Localism Act 2011 which confers upon the council a power to do anything that individuals generally may do (the general power of competence).

## Risk management

Risk / opportunity	Mitigation
NMITE fail to meet the spend target requirements of 50% (£800,000) by end of March 2021.	Meeting the LEP spend targets will be a requirement of the contract between the Council and NMITE. NMITE are working with their procured contractor to meet this requirement. Should NMITE fail to meet the spend deadlines, resulting in the LEP deciding to withhold the balance of grant payments, it will be for NMITE to meet this financial gap.
NMITE are unable to deliver the project outputs/ outcomes	Grant claims will be paid by the council to NMITE in arrears, upon satisfactory evidence that the project is delivering/ on course to deliver the requirements of the contract at each payment stage. The accountable body confirms (appendix 1) that neither it nor the Marches LEP will seek to clawback funding on the basis that any project failure is for the Council to manage and remedy locally. The contract between the council and NMITE will clarify that the council is not financially liable for any

potential failure from NMITE to deliver the required outputs and outcomes.

## **Consultees**

27. The political groups have been consulted on this decision. No comments have been received.

## **Appendices**

Appendix 1 – Get Building Funding Offer Letter

## **Background papers**

None Identified.

**Please include a glossary of terms, abbreviations and acronyms used in this report.**