

Mr James Walton
Director of Finance, Governance &
Assurance
Shropshire Council
Shirehall
Abbey Foregate
Shrewsbury
Shropshire
SY2 6ND

Dear James

Thank you for your letter dated 21 July 2020.

Herefordshire Council understand that under the terms of the letter Shropshire Council are seeking to terminate the Grant Funding Agreement for the South Wye Transport Package dated February 2016 ("Grant Agreement") and clawback £3,843,609.71 paid to Herefordshire Council under the terms of the Grant Agreement between March 2016 and March 2017 on the basis that "progress toward delivery and completion of the Project is unsatisfactory".

Herefordshire Council do not agree that progress towards delivery and completion of the South Wye Transport Package (SWTP) is unsatisfactory as the council has continued to pursue the objectives and outcomes of the SWTP within the Funding Period and has continued to provide updates on the SWTP as required under the terms of the Grant Agreement. Therefore it would not be reasonable for Shropshire Council to conclude progress on the SWTP (Project) has been unsatisfactory to date.

On the basis that none of the termination and clawback events in the Appendix 6 of the Grant Agreement have occurred no right of termination arises under clause 7.2 and therefore there is no requirement for Herefordshire Council to repay the Grant paid to date.

Yours sincerely


**ANDREW LOVEGROVE
CHIEF FINANCE OFFICER**