

# Local Growth Funds for the New Model Institute In Technology and Engineering

**Decision maker: Cabinet Member for Finance, Corporate Services and Planning**

**Decision date: 30<sup>th</sup> June 2022**

**Report by: Acting Service Director for Economy**

## **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.

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**

This decision provides an update on the project, including the utilisation of 'freedoms and flexibilities' in 2020/21 and seeks agreement for NMITE to draw down the remaining grant fund in 2022/23. I

## **Recommendation(s)**

**That:**

- a) **To approve the drawdown by NMITE from the council the remaining £2,472,556.15 of grant funding in 2022/23, noting that the council utilised 'freedoms and flexibilities' in March 2021 in relation to the Local Growth Fund grant to NMITE in accordance with the terms of the funding agreement letter from Shropshire Council, to enable the grant funds to be drawdown over a longer period to align with the period of construction.**

## Alternative options

1. The council could chose not to approve the drawdown of the remaining funds in 2022/23, This is not recommended. This is because this would result in the council failing to meet the requirements of being an accountable body for the fund, it would mean the current construction of the Centre for Advantaged Timber Technology and Centre for Advanced Manufacturing could not be completed (leaving an incomplete building) causing significant reputational damage to the council.

## Key considerations

2. In March 2020 the council agreed to be the accountable body for NMITE's Local Growth Funding grant of £5.66m from the Marches Local Enterprise Partnership (LEP). The grant to NMITE is to enable the construction of the Centre for Advantaged Timber Technology and Centre for Advanced Manufacturing located on the Hereford Enterprise Zone.
3. The Cabinet Member for Finance, Corporate Services and Planning took the following decision in March 2020 [Decision - Transfer of Local Growth Funds for new model in technology and engineering \(NMiTE\) Phase 2 - Herefordshire Council](#).
4. The decision includes the conditions set by Shropshire Council (the Marches LEP accountable body) for the transfer of the funds to the Council. The conditions in the letter agreement between Shropshire Council and the council include the date of eligible spend being up to the end of March 2021, and also '*That Herefordshire Council agrees in principle that if the project delivery needs to extend beyond the financial year 2020/21, then Herefordshire Council can use its capital spend freedoms and flexibilities to achieve this*'.
5. Freedoms and flexibilities is where the Local Growth Fund grant funds could be used on alternative council capital projects, enabling the offset council's funds to then be available for the NMITE project in later years.
6. As construction of the Centre for Advantaged Timber Technology and Centre for Advanced Manufacturing was not completed by the eligible spend deadline (31 March 2021), NMITE were only able to claim £1,216,617.09 of the £5.66m in 2020/21. The council therefore utilised freedoms and flexibilities against alternative capital projects to ensure the remaining £4,443,382.91 grant funds were not lost, offsetting the council's funds to support the NMITE project over future years.
7. NMITE claimed a further £1,970,826.76 in 2021/22, therefore leaving a balance of £2,472,556.15 to be claimed in 2022/23. The construction project remains on track to be completed in July 2022, so the council is confident that all remaining funds will be claimed in 2022/23.

## Community impact

8. The development of Higher Education provision in Herefordshire could have a transformational impact on our economy, retaining/ attracting younger generations to study and live in the county, attracting new businesses to invest in Herefordshire offering higher value employment opportunities, 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.
9. The County Plan 2020 to 2024 states '*Limited higher education opportunities in the county mean that most of the county's younger people leave the county to study beyond A-level.*' Developing NMITE facilities in the county will help address this issue.

10. The Council Delivery Plan 2022/23 states we will '*Complete NMITE's Skylon Park campus including the Centre for Advanced Timber Technology and Centre for Automated Manufacturing*'.

### **Environmental Impact**

11. The decision relates to being the accountable body for a project led by NMITE rather than the council. However NMITE are aiming for the highest possible environmental standards in the Centre for Advanced Timber Technology and Centre for Automated Manufacturing.

### **Equality duty**

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.
12. The decision relates to being an accountable body for a project delivered by NMITE rather than the council. However, in recruiting students NMITE have set clear targets to be inclusive, to engage disadvantaged local communities, and are committed to being gender balanced.

### **Resource implications**

13. The council received the £5.66m of Local Growth Fund grant funding from Shropshire Council in 2020/21. The council used freedoms and flexibilities to March 2021, spending the £4,443,382.91 of Local Growth Funds against existing council capital projects to offset the availability of funds for the NMITE project in later years.
14. NMITE claimed a further £1,970,826.76 in 2021/22, therefore leaving a balance of £2,472,556.15 to be claimed in 2022/23. The construction project remains on track to be completed in July 2022, so the council is confident that all remaining funds will be claimed in 2022/23.

Draw down of LEP grant as accountable body	2020/21	2021/22	2022/23	Future Years	Total
NMITE Grant Claims	£1,216,617.09	£1,970,826.76	£2,472,556.15	£000	£5,660,000
<b>TOTAL</b>	<b>£1,216,617.09</b>	<b>£1,970,826.76</b>	<b>£2,472,556.15</b>		<b>£5,660,000</b>

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2020/21	2021/22	2022/23	Future Years	Total
Marches LEP Local Growth Fund	£5,660,000	£000	£000	£000	£5,660,000
<b>TOTAL</b>	<b>£5,660,000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£5,660,000</b>

## Legal implications

15. The Local Growth Fund grant funding was transferred to the council by Shropshire Council as the accountable body for the Marches Local Enterprise Partnership (Marches LEP) under the terms of a letter dated 2 March 2020.
16. The transfer of £5.66m of Local Growth Fund grant funding to the council in the role as project accountable body for the construction of the Centre for Advanced Timber Technology and Centre for Advanced Manufacturing has been agreed and supported by the Department of Levelling Up, Housing and Communities (formerly Ministry of Housing, Communities and Local Government).
17. There are no legislative provisions that relate to the use of freedoms and flexibilities and there is a contractual arrangement.
18. The council does have general duties relating to the use of public money and expenditure and these would apply to the use of freedoms and flexibilities by the council
19. 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

20. Shropshire Council have confirmed in the funding offer letter 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. Should the council decide not to allow NMITE to claim the balance of funds in 2022/23, the construction work would not be completed, leaving a partially completed development on the Hereford Enterprise Zone, loss of facilities and funds to benefit local people.

### Consultees

22. The Political Groups have been consulted Comments were received from Cllr Stark who noted the flexibilities for this project would benefit others, Cllr Summers and Cllr Fagan who requested further information on the NMITE development.

### Appendices

None

### Background papers

None

### Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 27/05/2022
Finance	Karen Morris	Date 08/06/2022
Legal	Alice McAlpine	Date 08/06/2022
Communications	Luenne featherstone	Date 24/05/2022
Equality Duty	Carol Trachonitis	Date 25/05/2022
Procurement	Mark Cage	Date 08/06/2022
Risk	Kevin Lloyd	Date 24/05/2022

Approved by	Andrew Lovegrove	Date 14/06/2022
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**Please include a glossary of terms, abbreviations and acronyms used in this report.**