

**REGIONAL GROWTH FUND CONTRACT AND DELIVERY
ARRANGEMENTS
REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY
DIRECTION)**



Hinckley & Bosworth
Borough Council

A Borough to be proud of

1. **PURPOSE OF REPORT**

- 1.1 To seek Council approval to delegate authority to the Chief Executive in liaison with the Council Leader, for the sign off of the final contract letter for the Regional Growth Fund Bid (RGF).
- 1.2 To establish a budget to administer the £19.5M RGF fund.

2. **RECOMMENDATION**

- 2.1 That Council agree the delegation of authority to the Chief Executive in consultation with the Leader for the sign off of the final contract arrangements for the RGF offer of £19,474,000.
- 2.2 That Council approve the establishment of a budget of £19,474,000 for the RGF project which will be profiled to be spent over the next two years.

3. **BACKGROUND TO THE REPORT**

- 3.1 Members will be aware that following a successful bid to Government in the summer of 2011, the Department of Business, Innovation and Skills announced approval in principle to the partnership bid from Hinckley & Bosworth Borough Council and MIRA (supported by LLEP) for the funding for infrastructure to support the development of the £300M MIRA Technology Park. The Council resolved to grant planning consent for MIRA Technology Park in November 2011.

4. **RGF OFFER**

- 4.1 The formal Conditional Offer from BiS dated 11 June 2012, confirms a grant of up to £19,474,000. This will provide for the following key infrastructure improvements:-
- Duelling of A5 adjacent to MIRA Technology Park and key junction improvements at Redgate and Dodwells/Longshoot.
 - Construction of a new primary sub-station to serve the area.
 - Sustainable transport improvements including provision of new cycle ways and employment bus facilities.
- 4.2 BiS will require the Council to enter into a formal, legally binding contract for the delivery of the works. Officers have been working with MIRA and representatives of BiS, DCLG, the Highways Agency and Leicestershire and Warwickshire County Councils' for a number of months to ensure a robust mechanism is established for the delivery of the improvements over the next two years. A draft delivery framework has been agreed and is undergoing due diligence to provide the Council and its Partners with confidence that works can be delivered effectively and that risks are mitigated.

- 4.3 Due to reporting timescales and the delivery programme, it is vital that Council delegate authority to the Chief Executive, in liaison with the Leader, to sign off final contract arrangements to allow detailed planning and delivery of the infrastructure improvements to take place as soon as possible.
- 4.4 The Council are also required to formally establish a budget to enable the income received from BiS to be administered.

5. FINANCIAL IMPLICATIONS [CB]

- 5.1 If approved both expenditure and income budgets will be created of £19,474,000 meaning no net change to HBBC's budgetary requirement. As part of the project the Council has already incurred consultancy costs and forward funded the Highway Agency, both of which will be reclaimed from the RGF funding once received. An additional cost which H&BBC will need to bear though is the due diligence report referenced to above which will be between £8 – 10k. Under the terms of the grant funding this fee will not be recoverable.
- 5.2 As this is a major project to be delivered within set timescales, and with significant sums of money involved, it is vitally important that the scheme is carefully managed and monitored. This is essential to avoid any overspend and to ensure all the requirements of the funding body are met. As noted above the robustness of the draft delivery framework is currently being assessed.

6. LEGAL IMPLICATIONS [AB]

- 6.1 The contract with the department of business industry and skills will provide an agreement for them to provide the funding for the works detailed in 4.1 above. A secondary linked agreement between HBBC and MIRA will be entered into for MIRA to carry out the works and for HBBC to regulate the RGF funding.
- 6.2 The offer letter will require the project to be carried out and this responsibility will be passed to MIRA. MIRA will also be required to be responsible for any cost overrun incurred through the works.
- 6.3 The contract allows for the drawdown of funds in advance of works being carried out, followed by a reconciliation of actual cost.

7. CORPORATE PLAN IMPLICATIONS

- 7.1 This project supports the key Corporate aim of achieving a Thriving Economy.

8. CONSULTATION

- 8.1 Extensive consultation was carried out on the MIRA Technology Park proposals as part of the planning application process which achieved overwhelming public support.

9. RISK IMPLICATIONS

- 9.1 There are a number of key risks associated with entering into the contract linked to delivery and claw back. A detailed risk register has been compiled for the project. The Council has commissioned an independent firm of Auditors to carry out Due

Diligence on the delivery, financial and procurement arrangements and will put in place legal agreements with partners to help mitigate any financial risk to the Council.

10. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

10.1 This project will significantly improve job opportunities for all the communities of Hinckley and Bosworth.

11. **CORPORATE IMPLICATIONS**

11.1 This project supports the key Corporate aim of creating a thriving economy and Corporate implications are taken account of in this report.

Background papers: None

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