

REPORT OF CORPORATE DIRECTOR, PLACE**PROCESS FOR ACCESSING FUNDING HELD BY THE D2N2 LEP FOR HS2
DEVELOPMENTS AT TOTON****Purpose of the Report**

1. This report sets out the mechanism for Nottinghamshire County Council (NCC) to access funding held by the D2N2 LEP for the purposes of project spending relating to the HS2 developments at Toton.

InformationBackground

2. The reports presented to Policy Committee on 14 February 2018 and 20 June 2018 outlined the importance of HS2 related growth to Nottinghamshire, and specifically how the development of an East Midlands hub at Toton was integral to this. These reports followed the publication of the East Midlands HS2 Growth Strategy in September 2017.
3. As Nottinghamshire will be home to the East Midlands hub in Toton, the county is perfectly placed to capitalise on the economic benefits from high-speed rail. Working with national and local partners, Nottinghamshire County Council are playing an active role in helping to drive the HS2 programme forward.
4. At Policy Committee in February 2018, it was agreed that an HS2 delivery team would be established to drive forward the County Council engagement in the development of a number of business cases from strategic outline to full business case stage, including any further studies or commissions.

Funding approved by Department of Transport to date

5. In 18/19 the Department for Transport awarded stage one funding of £900,000 for the Toton Connectivity development to the D2N2 Local Enterprise Partnership (LEP) following a bid completed by East Midlands Councils. This is part of a £1.8 million funding programme, the second stage of which is yet to be awarded.
6. This grant has been awarded as a grant under Section 31 of the Local Government Act 2003 and does not have any conditions attached to how it is used. However in order to provide appropriate transparency, the project team is reporting how this grant is spent to the Toton Delivery Board and the HS2 Executive Board in line with the HS2 Growth Strategy priorities.

D2N2 Local Enterprise Partnership (LEP) Accountable Body

7. It is expected that all of the funding will be awarded to the D2N2 LEP and so far the LEP has received £900,000 from the Department of Transport.
8. D2N2 is the Local Enterprise Partnership (LEP) for Derby, Derbyshire, Nottingham and Nottinghamshire. It plays a central role in deciding local economic priorities, and undertaking activities to drive economic growth and create local jobs. Established in 2011, the D2N2 LEP is a non-incorporated partnership made up of organisations from public, private and voluntary sector who want to have a positive impact on the future growth of the local economy. NCC is a member of the D2N2 LEP.
9. The current scheme of delegation is for decisions to be made by the LEP Board or the LEP Chief Executive. The LEP Board may from time to time delegate decisions to its sub boards which are outlined in the terms of reference for each board. Derbyshire County Council's Improvement and Scrutiny Committee will provide an independent scrutiny function where appropriate.
10. Derbyshire County Council (DCC) are the Accountable Body for the D2N2 LEP and therefore the funding awarded to the LEP is held by Derbyshire County Council on behalf of D2N2 LEP.
11. See appendix 1 for the D2N2 LEP governance structure relating to the projects for HS2.

Accessing the funding

12. To progress and drive the HS2 work, it will sometimes be necessary for NCC to procure services on behalf of regional groups, such as the Midlands Engine or D2N2 LEP.
13. On these occasions it is necessary for NCC to have a formally recognised mechanism to access the funding from the D2N2 LEP in order to undertake the procurement activity on the LEP's behalf.
14. NCC will only draw on indicative budget allocations that have been approved by an appropriately authorised partnership board, such as the Toton Delivery Board (who have delegated authority to review spending granted by the HS2 Executive Board), and where the body providing funding has confirmed award of the funding.
15. Once project costs and contracts have been agreed, Nottinghamshire County Council will procure services and incur expenditure and invoice the D2N2 LEP in arrears to recover costs incurred. This will reduce any risks associated with Nottinghamshire County Council's liability to fund awarded services in the event that the funds are unable to be drawn from the external source.
16. Contracts will be divided into milestones that will ensure project work remains on track and financial risk is minimised.
17. For 2018/19 costs, Nottinghamshire County Council invoiced the D2N2 LEP at the end of the financial year, providing evidence of spend via relevant invoices. From April 2019, invoicing will take place on a quarterly basis and be linked to project reporting.

Reason/s for Recommendation/s

18. A robust, financially compliant mechanism for drawing on funding is required to ensure the necessary cash flow to Nottinghamshire County Council to undertake procurement activity on behalf of the D2N2 LEP where Nottinghamshire County Council are identified as the lead agency for that work.

Statutory and Policy Implications

19. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

20. A robust mechanism for authorising and drawing down funding will ensure that NCC is not reliant on its own funds to procure services for third party partnerships. The above approach will also mitigate risks associated with delivering this important project work by providing for staged milestone payments on completion of identified work packages.

RECOMMENDATION/S

That members agree to the process for the award of contracts in relation to HS2 on behalf of the D2N2 LEP, in relation to elements of the work for which NCC have been authorised to lead by the Toton Delivery Board or other authorised bodies holding such funding.

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For any enquiries about this report please contact:

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Constitutional Comments [HD – 28/3/2019]

21. As this report relates to procurement activity relating to the HS2 programme of work, this decision about accessing funding for that purpose falls within the remit of Finance and Major Contracts Management Committee.

Financial Comments [RWK 16/04/2019]

There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Electoral Division(s) and Member(s) Affected

- All

