

Notice of the Making of an Urgent Decision

Para 1 of the second sub-section of section 3 in Part 3 of Chichester District Council's *Constitution* provides for any senior officer to make urgent decisions following consultation with the Leader or Deputy Leader of the Council and the Chairman of the Overview and Scrutiny Committee on any matters where it is not practicable to refer these to a meeting of the Council, the Cabinet or other committee provided that a full report on any decisions taken shall subsequently be made.

A decision of this nature has been made as set out below:

Decision title	Levelling Up Fund – Financial Risks
Decision taker	John Ward – Director of Corporate Services
Decision consultees	Eileen Lintill – Leader of the Council Adrian Moss – Leader of the Opposition Clare Apel – Chairman of Overview and Scrutiny Committee
Decision date	21 July 2022
Decision details	<p>Council agreed in May 2022 to submit a bid for the Levelling Up Fund round 2, and delegated authority to the Chief Executive, Director of Corporate Services and the Director of Growth and Place to submit the application in consultation with the Leader of the Council and the Leader of the Opposition.</p> <p>The bid submission is now in its final draft stage. As part of the application process the Council is required to commit itself to several funding conditions imposed by the government. The majority of these are standard, such as the requirement to comply with subsidy control rules, and to apply appropriate governance arrangements etc. However, some of the conditions may represent a financial risk to the authority that arguably is not covered off fully by the May 2022 delegation. The conditions are:</p> <p><i>The Council:</i></p> <ul style="list-style-type: none"> - <i>has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution.</i> - <i>accepts responsibility for meeting any costs over and above the UK Government contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties</i> - <i>accepts responsibility for meeting any ongoing revenue requirements in relation to the scheme.</i>

	<ul style="list-style-type: none"> - <i>accepts that no further increase in UK Government funding will be considered beyond the maximum contribution requested. Funding provided is to be spent by 31 March 2025 and by 2025-26 on an exceptional basis.</i> - <i>confirm that the authority commits to ensure successful bids will deliver value for money or best value.</i> - <i>confirms that the authority has the necessary governance / assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to.</i> <p>The risk of additional costs falling to this council have been mitigated as far as possible. For example, by inclusion of appropriate contingencies in cost estimates, and if successful, by requiring partner agencies to make a similar commitment to CDC for elements where they are the lead authority. However, there remains some risk that cannot be fully mitigated.</p> <p>The bid submission identifies £2.8m of match funding. Of this £1.7 is secured as either being within CDC's control or are subject to commitments made by partner organisations. The remaining £1.1m is subject to other finding bids, developer contributions or fund raising and are not therefore fully committed.</p> <p>Clarification has been requested from DLUHC as to whether the scheme could be altered after submission should some of the match funding not come to fruition, or costs increase beyond the contingencies contained within the bid. However, no comfort to that effect has been provided. We must therefore assume that the risks relating to cost overrun and other funding are real risks that may fall back onto this Council requiring an increased contribution from our reserves.</p> <p>However, these risks need to be considered in relation to the value of the LUF bid ie over £13.5m.</p> <p>Given the overall value of funding that is being applied for, the contingencies that have been built into the projects, and the governance arrangements that will be put in place between CDC and other agencies leading on elements of the programme, I am of the view that the risk is acceptable to the Council.</p> <p>In order to sign off acceptance of these conditions and therefore submit the bid a political decision is needed, hence the urgent decision notice.</p>
Reason for urgency	The bid application needs to be submitted in accordance with the government's timetable which does not facilitate a report to the next meeting of Council.



Name and date of the meeting to receive a full report	September Council or as soon as the outcome of the bid is known.
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Name: John Ward – Director of Corporate Services
Date: 21 July 2022