

# MEMORANDUM OF UNDERSTANDING

*Between*

**Department for Levelling Up, Housing and Communities**

*-and-*

**Somerset Council**

## 1. Purpose

1.1. This Memorandum of Understanding ('MOU') sets out the terms, principles and practices that will apply to the working relationship between the Department for Levelling Up, Housing and Communities ('DLUHC') and Somerset Council ('the Council')(collectively 'the Parties') regarding the administration and delivery of the Future High Street Fund ('FHSF') proposal at Yeovil. This MOU applies to the financial year ('FY') 2024/25.

1.2. This MOU for the FY 2024/25 will replace any previous MOU upon signature by the Parties.

## 2. Background

2.1. On 26 December 2020, HM Government announced the outcome of the FHSF competition. The Council were successful with their bid for Yeovil.

2.2. This MOU covers the funding commitments from DLUHC and the delivery, financial expenditure, agreed milestones, reporting and evaluation, communication, and branding expectations between the Parties.

## 3. Purpose of Funding

3.1. DLUHC agree to allocate funding up to 9,756,897 across FY2021/22, FY2022/23, FY2023/24 and FY2024/25. The allocations for each FY are set out in the following table:

<b>Financial Year (FY)</b>	<b>Excluding Contingency (£)</b>	<b>Contingency (£)</b>
2021/22 (Paid)	4,873,333	0
2022/23 (Paid)	0	0
2023/24 (Paid)	3,520,043	0
2024/25 (Indicative)	1,363,521	0
<b>Total Grant Award</b>	<b>9,756,897</b>	

- 3.2. The funding is provided to form part of the necessary capital investment required for delivery of the FHSF proposal at Yeovil. DLUHC expects the Council to use the funding provided for the purposes outlined in the application approved by DLUHC, and that evidence will be provided by the Council to demonstrate this. Assurance on project progress shall be borne out through the formal monitoring and assurance process set out in Clause 7 and 8 of this MOU.
- 3.3. The application approved by DLUHC, and any Project Adjustment Requests (PARs) that may subsequently be approved by DLUHC, provides the description and definition of the projects and interventions to be funded. This includes their scope, forecast spend profile, outputs and outcomes, key milestones, delivery schedule and risks. Together these project parameters set out the “ask” and “offer” expected by the Parties, and these are set out in the following table:

<b>FHSF Projects</b>	<i>Cattle Market - Cancelled</i> <i>Glovers Walk</i> <i>72-74 Middle Street - Cancelled</i> <i>Middle Street West</i> <i>Borough and High Street</i> <i>Triangle (The Bandstand)</i> <i>66 and 96 Middle Street and Grimsby Corner, Wyndham Street</i>
<b>FHSF Spend Profile</b>	<i>Annex A: FHSF Spend Profile</i>
<b>Project(s) Outputs &amp; Outcomes</b>	<i>Annex B: Monitoring &amp; Evaluation (M&amp;E) Plan</i>
<b>Project(s) Schedule with Timeline &amp; Key Milestones</b>	<i>Annex C: Delivery Plan</i>
<b>Risk Management</b>	<i>Annex D: Risk Register</i>

#### 4. Financial Arrangements

- 4.1. The agreed funds will be issued to the Council as non-ring-fenced grant payments under Section 31 of the Local Government Act 2003, for capital expenditure as agreed in the approved application.
- 4.2. The Council agrees to use FHSF grant payments issued by DLUHC for capital expenditure only.

- 4.3. Payments to the Council will normally be made annually, towards the beginning of each financial year.
- 4.4. The grant allocation for each financial year will be agreed by the Parties in principle before payments are made. Where relevant, DLUHC will advise the Council on the procedure for drawing down payments for contingency costs. Release of all payments will be dependent on the Council's submission of a Section 151 Officer signed Statement of Grant Usage and satisfying the reporting requirements described in Clause 7.
- 4.5. The Council will provide regular project, financial, and risk reporting to DLUHC, in such a format that DLUHC will provide, demonstrating expenditure of the previous funding and that outputs and outcomes are being met, in line with the approved application.
- 4.6. This information will be taken into consideration by DLUHC before subsequent payments to the Council are finalised and paid. DLUHC may make appropriate adjustments to payments or withhold payments where there are significant concerns over delivery.
- 4.7. If the Council needs to amend the annual spending profile, requiring a change to the indicative allocations in Clause 3.1, the Council will submit a Project Adjustment Request (PAR) for DLUHC to consider. Approval will be subject to the availability of resources and therefore cannot be guaranteed.
- 4.8. In accordance with the declaration signed by the Council's Section 151 Officer as part of the FHSF Application, the Council accepts responsibility for meeting any costs over and above DLUHC's contribution set out in Clause 3.1, including potential cost overruns and the underwriting of any funding contributions expected from third parties.
- 4.9. The Council must have contractually committed to spend all of the FHSF grant funding by the end of September 2024 provided that such FHSF grant funding shall be used for works/activities directly related to the FHSF and delivered in FY2024/2025.
- 4.10. The Chief Executive and Chief Internal Auditor (or equivalent) of the Council will sign and return to DLUHC a declaration, to be received no later than six months after the physical completion of the project(s), in the following terms:

"To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the FHSF Grant Determinations and the expectations set out in this MOU have been complied with."
- 4.11. If the Council fails to comply with any of the expectations set out in this MOU, the Secretary of State may:
  - 4.11.1. reduce, suspend or withhold grant payment;
  - 4.11.2. by notification in writing to the Council, require the repayment of the whole or any part of the grant.

## **5. Duration and Review Point**

- 5.1. This MOU covers FY2024/25 and will be reviewed no later than March 2025.
- 5.2. This MOU will come into effect upon signature by the Parties and will remain in effect until it is terminated by either Party in accordance with the terms in Clause 10 of this MOU. It may be extended by the written agreement of the Parties.
- 5.3. Each year of the planned funding period will be covered by an MOU, including the extension of this MOU where the Parties agree to the extension.

## **6. Branding and Communication**

- 6.1. DLUHC continue to provide the Council with guidance on the Branding and Communication associated with FHSF projects. The Parties agree to adhere to the guidance and any updates subsequently released by DLUHC.

## **7. Monitoring and Evaluation**

- 7.1. DLUHC continues to provide the Council with the most appropriate Monitoring and Evaluation Guidance (M&E Guidance) for the FHSF.
- 7.2. DLUHC will provide grant funding subject to the Council hereby agreeing to full transparency open book working and a duty of good faith regarding all matters relating to the project, the Council, and this MOU.
- 7.3. The Council agrees to collect data on inputs and outputs. DLUHC will lead on programme-level evaluation including data collection for outcomes and impacts.
- 7.4. The Council agrees to collaborate with DLUHC over monitoring and evaluation requirements, which will involve reporting at regular 6-month intervals on project expenditure, project progress, stakeholder engagement, risks, milestones and any project changes. The Council will also collaborate with DLUHC to provide six-monthly reporting on project outputs and potentially some outcomes. DLUHC shall assist the Council where possible, and the Parties will work together to satisfy these requirements. This includes collecting accurate data and using the agreed metrics and methods as set out in the M&E Guidance. DLUHC reserves the right to quality assure data and conduct site verifications.
- 7.5. The Council will endeavour to promptly share information at appropriate times as and when requested by DLUHC, including:
  - Current funding that has been spent
  - Planned expenditures
  - Updates on key project milestones and risks
  - Procurement and governance
- 7.6. DLUHC may publish relevant data and use it to inform public statements.

## **8. Assurance**

- 8.1. DLUHC will provide the Council with the Assurance and Performance Management Framework setting out the assurance processes of relevance to the FHSF.
- 8.2. The Council will collaborate with DLUHC over assurance requirements, which will include the Section 151 Officer using the templates provided to give six-monthly written assurance to DLUHC. This includes provisions of accurate data and information within the assurance cycle as set out in the CLGU Assurance and Performance Management Framework. The Council will also collaborate with DLUHC if required to support further assurance through risk based Deep Dive activity. Deep Dives will include engagement with SRO, Section 151 Officer and Project Leads, alongside the provision of specified procurement, financial and decision-making evidence on request for review. DLUHC shall assist the Council where possible, and the Parties will work together to satisfy these requirements. Sample based Deep Dives will be retained as an option through the programme.

## **9. Changes to Approved Application**

- 9.1. The Council will notify DLUHC of any proposed changes to the approved business case and project(s) by submitting a Project Adjustment Request (PAR). These notifications should be provided and agreed in advance of changes.
- 9.2. The Council will require approval by DLUHC for any alterations to projects, as set out in Clause 3.3.
- 9.3. A wide range of project changes including but not limited to changes to spend profiles, project activities, outputs and outcomes may be requested through the PAR process. DLUHC will provide the Council with guidance and relevant forms needed for the PAR process.

## **10. Compliance with the MOU**

- 10.1. The Parties to this MOU are responsible for ensuring that they have the necessary systems and appropriate resources in place within their respective organisations to comply fully with the requirements of this MOU.

## **11. Changes to the MOU**

- 11.1. The arrangements under this MOU will be kept under review. Amendments to this MOU may only be made upon written agreement between the Parties.

## **12. Resolution of Disputes**

- 12.1. Any dispute that may arise as to the interpretation or application of this MOU will be settled by consultation between the Parties.

### 13. Legal Enforcement

13.1. This MOU is not legally enforceable. It describes the understanding between both parties for the use of funding specified in Clause 3 of this agreement.

**Signed on Behalf of the Council:**

**Name (print):** Nicola Hix

**Signature:** 

**Job Title:** Service Director Finance & Procurement

**Date:** 14/05/2024

**Signed on Behalf of DLUHC:**

**Name (print):** John Osborne

**Signature:** 

**Job Title:** Deputy Director, Levelling Up Major Programmes

**Date:** 22 May 2024