



# **Report to the Partnership for Urban South Hampshire Joint Committee**

Date: **16 September 2008**

Report of: **Mark Heath, Solicitor to the Council, Legal & Democratic Services, Southampton City Council; and Stuart Jarvis, Managing Director**

Subject: **SEEDA Contract (Grant Conditions)**

## **SUMMARY**

The approved PUSH Business Plan and Budget rely upon funding from SEEDA to support the core costs within the Economic Development theme. SEEDA has now confirmed funding of £165,000 per year for 3 years (2008/09 – 2010/11), for which a contract has now been drawn up with grant conditions attached.

## **RECOMMENDATION**

That the Committee:

1. AGREES to accept the SEEDA grant and associated conditions set out in the attached SEEDA contact;
2. AUTHORISES Hampshire County Council to take on responsibility as Lead Authority for the SEEDA contract and, on behalf of PUSH, to enter into the contract with SEEDA in accordance with the terms of the Joint Committee Agreement and Constitution; and
3. NOTES the obligations set out in the SEEDA contract, and the impact upon PUSH and the partner authorities.

## **INTRODUCTION**

1. The PUSH Business Plan, which summarises the priorities for PUSH, was approved at the Joint Committee meeting in March 2008, and the PUSH Budget was approved at the Joint Committee meeting in June 2008.
2. The business plan anticipated a contribution from SEEDA of £204,000 towards the costs of its economic development activities. The funds are earmarked towards employing an economic development director and associated core costs, a project manager for SHSEZ and for economic development work and initiatives which contribute to the economic objectives of PUSH and SEEDA. This figure was refined to £165,000 when the budget was set once better information was available from SEEDA as to the level of funding that would be provided, which means that the bulk of the funding is now utilised to support the Economic Development Director's post.
3. The grant will cover the costs, in line with achieving SEEDA's objectives as set out in the contract, relating to the setting up of the Economic Development role within the PUSH organisation.

## **FINANCIAL IMPLICATIONS**

4. No inflationary increases have been provided and so all increments and cost of living increases attached to these posts will need to be found from other PUSH funds, such as unallocated interest on balances.
5. However, without these funds, PUSH will be unable to fund key economic development posts and would therefore be unable to deliver the economic development agenda set out in the business plan.

## **LEGAL IMPLICATIONS**

6. Although Hampshire County Council will take on prime responsibility on behalf of the partnership to ensure compliance with the agreement with SEEDA, this also has implications for the other PUSH partners. Under Condition 12.3 of the Joint Agreement, each partner authority has a duty to take such steps as are necessary to enable the Lead Authority to discharge its functions under the SEEDA contract. Further, although Hampshire County Council would be contractually liable for any breach of the SEEDA agreement, Condition 16 of the Joint Agreement would apply. This provides that where a liability arises as a result of the action or inaction of one and only one partner authority, then that authority will be responsible for meeting that liability, and that liabilities arising as a result of the actions or inaction of more than partner authority will be met in accordance with the budget formulation as to the financial commitments of the Parties set out in Clause 10 of the Joint Agreement. Hampshire County Council is asked to take on the responsibility as Lead Authority for the SEEDA contract on the basis that any liabilities it incurs in this respect will be borne by the partner authorities in accordance with these provisions of the Joint Agreement, and HCC indemnified accordingly. Matters such as intellectual property, are addressed within the PUSH Joint agreement which underpins the governance arrangements for the Joint Committee. The Committee and the constituent members should however note in particular Clause 4.4 and the fact that SEEDA may request PUSH to change its business plan to reflect changes in Regional Economic Strategy and/or Government Guidance, in default of which this

contract with SEEDA may be terminated and any unused grant would stand to be returned.

## CONCLUSION

7. The SEEDA grant and grant conditions as set out in the attached contract (Appendix 1) should be accepted.
8. The Committee is recommended to:
  1. AGREE to accept the SEEDA grant and associated conditions set out in the attached SEEDA contact;
  2. AUTHORISE Hampshire County Council to take on responsibility as Lead Authority for the SEEDA contract and, on behalf of PUSH, to enter into the contract with SEEDA in accordance with the terms of the Joint Committee Agreement and Constitution; and
  3. NOTE the obligations set out in the SEEDA contract, and the impact upon PUSH and the partner authorities.

Approved by the Monitoring Officer		Date:	09/09/08
Approved by the Finance Officer		Date:	09/09/08

**Background Papers:** PUSH Business Plan 2008-11  
PUSH Budget 2008/09  
PUSH Joint Agreement

### Enquiries:

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