

£1m Environmental Mitigation Fund Proposed Governance Arrangements

1. Environmental Mitigation Funding

- 1.1. £1m has been provided to Buckinghamshire Council (BC) by HS2 Ltd for equal distribution to the following Parish Councils for the purpose of funding environmental mitigation (beyond that provided within the Environmental Statement) linked to the construction of the Infrastructure Maintenance Depot (IMD):
 - Calvert Green Parish Council,
 - Charndon Parish Council,
 - Steeple Claydon Parish Council
 - Twyford Parish Council
- 1.2. In addition to the £1m Fund, agreement has been reached to pay each of the Parish Councils £4,464.25 by way of interest that has accrued since the funds were transferred to BC. There is no restriction as to how these funds can be spent.
- 1.3. BC will advance £10,000 to each Parish Council from the Fund once their first project has been approved, to provide cashflow support for project costs.
- 1.4. No money will be released in relation to the Fund or interest until Memoranda of Understanding are in place between BC and the Parish Councils.
- 1.5. HS2 Ltd has agreed to provide a further £35,000 (M&A Fund) to BC to cover the Council's costs relating to the management and administration of the Fund.

2. Funding Agreements

2.1 Assurance for £1m Fund

Undertaking & Assurance (U&A) 1875 provided by HS2 Ltd in favour of BC covers the provision of the Fund. BC, as Accountable Body, is responsible for ensuring the money is spent in accordance with the Assurance. The Accountable Officer for the Assurance will be the Corporate Director – Finance (& S151 Officer).

To discharge responsibility under this assurance, it will be necessary to establish that:

- Proposed projects meet the environmental mitigation aims set out by HS2 Ltd
- Goods and Services are competitively tendered as per public sector procurement standards, and that

Evidence of both of these criteria will be required by HS2 Ltd.

In relation to U&A 1875, HS2 Ltd has provided two relevant statements:

- Appendix 2 contains a definition of 'environmental mitigation', together with examples of the type of projects which could be funded
- Appendix 3 provides a suggested approach for identifying how to prioritise the fund.

2.2 Memoranda of Understanding

Separate Memoranda of Understanding (MoU) will be drawn up between BC and each of the four Parish Councils (Charndon, Twyford, Calvert Green and Steeple Claydon). These will relate to the arrangements for drawdown of the Fund and payment of interest.

2.3 Funding Agreement

A Funding Agreement will be drawn up between HS2 Ltd and BC to set out the drawdown arrangements for the £35,000 provided for project management and administration (the M&A Fund).

3. Approval of Projects

Parish Councils will have responsibility for submitting details of proposed projects to BC by way of a short project plan (see attached template), which will include details of the environmental mitigation aims of the project and how these will be achieved, location, key activities, delivery personnel and timescales.

A clear breakdown of project costs will also be required, together with rationale to demonstrate that all costs are necessary to meet the project aims.

A Review Team, including the Responsible Officer will determine whether proposed projects meet the terms of the Assurance and should be approved. If there is any doubt that the proposed project would not meet the terms of the Assurance, and therefore pose a financial risk to BC, the Responsible Officer will refer to the Corporate Director PG&S and Accountable Officer. They will determine whether they wish to accept the potential risk or seek clarity from HS2 Ltd.

Appropriate terms may be applied to project approvals, for example to provide updates at key stages or regarding a specific risk or dependency.

4. Distribution of Funds

£250,000 plus pro-rated interest will be ringfenced for each Parish.

Parish Councils will be required to submit Claim Forms (which will be provided) for the interest, the cashflow advance and for project costs, together with appropriate evidence of procurement and defrayal of costs incurred in delivering approved projects.

Claims will be checked by the Project Officer to ensure they are consistent with expected costs and that the necessary documentation has been provided to demonstrate a clear audit trail in relation to procurement and defrayal; this will include evidence of competitive quotes/tender process and defrayed costs.

All claims for the Fund and M&A Fund will be counter checked by the PG&S Head of Finance and signed off by the Accountable Officer (S. 151 Officer).

Claims will be paid to Parish Councils within XXXXXX days of receipt of a completed claim form and full supporting documentation.

Records of paid claims will be kept and provided to HS2 Ltd together with full evidence of procurement and defrayal to provide a full audit trail for costs covered by the Fund.

Where a cashflow advance has been made, BC will be repaid by way of a retention against the final project claim(s) from each Parish Council.

Timesheets and evidence of other costs incurred in the management and administration of the Fund by BC will maintained and used to support requests for drawdown from the M&A Fund.

5. Variations

Variations in the amount or nature of any project costs will need to be approved prior to the cost being incurred. Parish Councils will be required to advise the Project Officer in writing of any variations which will be approved by either the Project Officer (subject to agreed delegated authority) or by the Responsible Officer.

Where the Responsible Officer considers that a variation may pose a financial risk to BC, they will refer to the Corporate Director PG&S and Accountable Officer who will decide whether they wish accept the potential risk or seek clarity from HS2 Ltd.

6. Roles and Responsibilities

6.1 Parish Councils

Parish Councils will have responsibility for submitting details of proposed projects to BC by way of a short project plan (see attached template), which will include details of the requirement for the project, environmental mitigation aims of the project and how these will be achieved, location, activities, delivery personnel, timescales, and a breakdown of costs.

Once approved, Parish Councils will be responsible for delivery of their projects in accordance with approved plans and for claiming costs as set out in the MoU.

Parish Councils will be responsible for responding to reasonable requests for updates regarding project progress and for notifying BC of any unforeseen issues or delays likely to risk or delay project delivery.

6.2 The Responsible Officer

The Responsible Officer will have responsibility for ensuring that proposed projects, and any subsequent requests for variations meet the terms of the Assurance between HS2 Ltd and BC.

In the event of any doubt or dispute as to whether proposed projects, or any subsequent requests for variation, meets the terms of the Assurance, creating a financial risk to BC, the Responsible Officer will refer to the Corporate Director PG&S and Accountable Officer.

The Responsible Officer will also have responsibility for oversight of Fund and M&A Fund administration, to ensure that all necessary processes are being followed and records are maintained to provide a clear audit trail.

6.3 The Accountable Officer (S.151 Officer)

The Accountable Officer will be responsible for ensuring the Fund and the M&A Fund are spent in accordance with the Assurance and Funding Agreement and will upon advice from the Project Officer and PG&S Head of Finance, agree to release the amount of funding being claimed.

The Accountable Officer, in consultation with the Corporate Director PG&S will consider any project requests or variations to approved projects, which have been referred by the Responsible Officer as having the potential to result in financial risk to BC.

6.4 Project Officer

The Project Officer will have day to day responsibility for the administration of the Fund and the M&A Fund. This will include:

- Receiving and checking project plans to ensure all requested information, including supporting documentation has been provided.
- Checking project costs to ensure these can be met from within each Parish Council's allocation of the Fund
- Logging and monitoring projects to ensure they deliver in accordance with approved plans.
- Receiving and checking claims
- Providing support, as required by the Parish Councils to ensure compliance with the terms and requirements of the Fund.
- Collating appropriate documentation and records in relation to management and administration of the Fund and raising requests for drawdown
- Escalating issues or concerns to the Responsible Officer.

7. Appendices

1. U&A reference 1875
2. Definition of Environmental Mitigation and examples of potential schemes – provided in Email from Richard Nuttall, Senior Interface Manager, HS2 Ltd 11/11/2020.
3. Guidance note to help the Parishes decide how to allocate the funding in line with the assurance – provided by Tom Hinds, Head of HS2 Act Powers and Environment at Department for Transport, 22/01/2021.

DRAFT 210203