Appendix IV

Report detailing the proposed contractual arrangements between the parties

Background and Scope

1.0 Warwick District Council (WDC) has sought legal advice[1] from Warwickshire Legal Services (WLS) in relation to the project and WLS has prepared this report which sets out the key points of the proposed contractual arrangements between WDC and Whitnash Town Council (WTC) in respect of the project as envisaged in the Executive Report.

2.0 By way of summary, WTC is seeking support from WDC in relation to WTC's proposal to procure the construction of a community centre in Whitnash, total value circa £1.66 m (excl VAT). WTC is seeking financial contributions from WDC and WDC has, in principle, and subject to Executive approval, agreed to make a grant offer of up to £500k to help WTC to deliver the project. The Executive Report also makes recommendations for the provision, by WDC, of temporary funding to WTC to assist with management of cash flow.

3.0 As the current proposal is that WTC will undertake the procurement of both phases of the project, WDC's support will solely relate to the provision of financial contributions as detailed in paragraph 2.0.

4.0 WTC will procure its own independent legal advice in relation to this project.

5.0 WTC has indicated that it has held preliminary discussions with Warwickshire County Council regarding the re-location of Whitnash library to the new Community Centre, however, until these discussion progress further it is not possible to assess the legal implications of this proposal.

6.0 WDC has the legal powers to support WTC in the way envisaged within the Executive Report by exercising its general power of competence under s.1 of the Localism Act 2011.

Contractual arrangements

7.0 It is proposed that that the funds to be provided to WTC, by WDC, will be subject to a legally binding Grant Agreement. The key provisions of the proposed Grant Agreement will include a number of conditions that need to be met prior to monies being paid. By way of example, as the commencement of Phase 2 is contingent upon Phase 1 being completed and planning permission being granted, monies associated with Phase 2, will not be paid, until such conditions are satisfied. Furthermore, the

[1] The legal advice is subject to legal privilege and is exempt from publication

funding is subject to WTC confirming that it has secured all funding for the project including the Public Works Loan Board funding.

8.0 The Grant Agreement will contain claw-back arrangements in the event that circumstances occur which would prevent the project from proceeding. The claw-back arrangements will provide for monies to be recovered by WDC

9.0 In respect of the temporary funding, the provision of such funding by WDC will be subject to terms, acceptable to WDC, to be agreed with WTC. Such terms will include provisions regarding the repayment of the loan including in the event that, following release of monies by WDC, the project does not proceed to successful completion.

10.0 The successful completion of the project is in both parties' interests and strong governance arrangements will be established between the parties. The key heads of terms in relation to the governance structure will need to clearly set out the key roles and responsibilities of the parties. It may be advisable that a project board is created so as to provide strategic management of the project, reporting into an oversight board that will provide strategic oversight and direction to the project. Terms of reference for both boards will need to be agreed. Finally, the parties will need to have access to technical, finance and legal resources, as necessary to assist with the project.

11.0 An initial version of the Grant Agreement has been prepared for discussion with WTC.

Warwickshire Legal Services
15 June 2017