

Jan Lloyd
Covent Garden Market Authority
Covent House
New Covent Garden Market
London
SW8 5NX

29 March 2012

Dear Jan

I am writing to confirm, formally, that we have received approval from HM Treasury for the Final Business Case for Project Chrysalis.

There are a number of conditions to HM Treasury approval that we will need to work together to address. These mainly reinforce our current ways of working and formalise our previously agreed approach:

- That Defra maintain senior level oversight of the Project through SCS representation at CGMA Board meetings where Project Chrysalis is discussed, with support from the Defra Commercial Team as appropriate. This representation will be provided by Susanna May, Deputy Director of Food Policy, Competitiveness and Growth.
- That it is explicitly stated that any loans from Defra to CGMA will be made on the condition that they will be recouped at the conclusion of the project, if not before. We will need to consider the implications of this condition on the loan of the Market Towers Contingent Liability Fund to CGMA for Project Chrysalis. Trevor Torkington has already had an initial discussion with David Norris, in Clive's absence, and we will pick this up again when we have discussed with HMT.
- That we will work together to take the opportunity to communicate the fact that the project is one of public investment in a sustainable market at Nine Elms, and that Government disengagement is an integral part of the plan for the market. This already reflects the approach being taken by our respective communications teams and we will need to ensure that this remains one of the joint key messages.

- And that on Government disengagement Defra involves HMT in a separate project as set out in the Disengagement Strategy and that we flag a potential bid for primary legislation in the third session, although this is there is some flexibility over timing. Whilst the actions here are mostly for Defra, we will of course need to continue to work closely with CGMA to deliver the Disengagement Strategy.

There is also an approval condition on the overage provision which provides an opportunity for Defra to discuss the case for partial retention of receipts with HMT nearer the time.

We will need to consider how best to reflect these approval conditions formally in the terms of reference for the Chrysalis Project and the policy team here will send through comments.

We have already discussed the handling of the relationship going forwards with the tenants. I know that the CGMA will continue to work positively with the CGTA so that the tenants feel engaged in the change process and to ensure that the redevelopment of the market is fit for purpose.

BRIAN HARDING

Cc. John Burns
Susanne May
Neil Thornton
Paul Kilner
Julia Kraehling
Matthew McDonnell