

Department for **Transport**

David Skeet
Senior Project Leader
Technical Services Partnership
Lincolnshire County Council

via e-mail: david.skeet@lincolnshire.gov.uk

Robert S Fox
Policy Advisor
Local Capital Programmes & Delivery
Department for Transport
Zone 2/12
Great Minster House
33 Horseferry Road
London
SW1P 4DR
Direct Line: 020 7944 2245
GTN No: 3533 2245
e-mail: robertS.fox@dft.gsi.gov.uk

Web Site: www.dft.gov.uk

30 November 2011

Dear David,

Lincoln Eastern Bypass – Funding Approval and Confirmation of Programme Entry

Following the receipt of your Best and Final Funding Bid dated 8th September 2011 for the above scheme and following consideration of that bid, this letter confirms that Ministers have agreed to provide Lincolnshire County Council the funding requested, subject to the following conditions, and thereby confirm Programme Entry for the scheme.

This should allow your Authority to complete the remaining legal and procurement processes (but not enter into contractual or other legal commitments for the construction of the scheme) following which a request for Full Approval can be made. Once Full Approval has been granted the required contractual and other legal commitments for the construction of the scheme can be entered into.

DfT Funding

As part of this approval the Department will provide a maximum funding contribution of **£49.950m** towards the estimated total scheme cost of £89.744m.* **No further funding will be provided by the Department for this scheme.** Should Full Approval of your scheme be granted, funding will be paid as capital grant under Section 31 of the Local Government Act 2003 to an indicative profile to be agreed. * The total scheme cost of £89.744m differs from the amount included in your Best and Final Funding Bid as we have deducted £6.114m relating to Part 1 claims in line with the additional information you supplied to us on 21st October 2011.

Terms and Conditions of Funding

This offer of funding is subject to the following conditions:

- i. This funding approval is granted entirely without prejudice to any view that the Secretary of State or other Ministers may take on any future application for statutory powers or in accordance with any other functions.

- ii. The scheme must be implemented in accordance with the scheme proposals as set out in your Best and Final Funding Bid, including that it will be delivered within the timescale set out in your bid, subject to any changes which may occur as a result of further design or as a result of any remaining statutory procedures. Ministers reserve the right to reconsider their decision on funding if there are any changes to the overall cost, scope or design of the scheme which they consider to be material, particularly where such changes would alter the value for money of the scheme. You must notify the Department immediately of any such material changes, and provide on request any appropriate evidence to determine the impact of the changes on the scheme's value for money.
- iii. The Department's contribution will be a maximum of **£49.950m**. No further funding will be provided by the Department. Lincolnshire County Council is solely responsible for meeting any expenditure over and above this amount including any maintenance or operating costs and any Part 1 Claims. Should the final cost of the scheme be lower than £89.744m, the savings will be shared between the Department and Lincolnshire County Council in proportion to the share of funding as set out in this letter. The Department also reserves the right to reduce its contribution should you receive a greater level of third party contributions than currently anticipated, to the extent that the direct local authority contribution falls below 5% of total scheme costs.
- iv. Should this scheme progress to Full Approval, further detailed conditions may apply to any grant payable. These may include matters not yet discussed with you. It is expected that grant would be claimed quarterly in arrears on the basis of actual work done.
- v. Lincolnshire County Council will be solely responsible for the validity of the procurement process for the scheme.
- vi. We expect you to keep us closely informed of progress with, and expenditure on, the scheme and it is important that you complete and return quarterly monitoring forms by the due date.
- vii. You will be required to carry out a full evaluation of the scheme, the details of which we would wish to discuss with you. We would expect you to make the results of this evaluation available to the Department.
- viii. You are required to ensure that there is an appropriate project assurance mechanism in place (in the case of schemes with an overall cost greater than £50m this should include formal Gateway reviews) and to make the results and recommendations of such reviews available to the Department on request.

I should be grateful for written confirmation that Lincolnshire County Council agrees to these conditions, including certification from your Section 151 Officer that the Council accepts the above terms and conditions.

Full Approval

No grant may be claimed until the Department has confirmed Full Approval status for this scheme. Your formal request to the Department for Full Approval will need to include:

- confirmation of the overall cost and scope of the scheme, and details of confirmed funding contributions from third parties;
- a declaration that that you have acquired all the necessary statutory powers to construct the scheme (Traffic Regulation Orders excepted);
- confirmation that you have completed the procurement process to a stage where you have a preferred bidder and a firm and final offer (in the case of schemes with multiple procurements the timing of the Full Approval bid should be discussed with the Department);
- your evaluation plans for the scheme;
- a fully worked up plan, including delivery timetable and agreed funding package, to show how you will “lock in” the benefits of the scheme for sustainable transport and the environment in the City as part of the Lincoln Transport Strategy; and
- confirmation from your S151 officer that Lincolnshire County Council has the ability to underwrite all remaining funding required over and above the maximum Departmental contribution, including any additional funding required as a result of any remaining legal and procurement processes.

The Department reserves the right to request any further relevant information prior to reaching a decision on Full Approval, including a proportionate review of delivery and procurement arrangements as necessary.

I look forward to receiving a bid for Full Approval once the above information is available.

Yours sincerely,

Robert S Fox