CORRIGENDUM TO CIRCULAR ROADS NO 24/77

Department of Transport
Room
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The Chief Executive ) Your reference
) in
County Councils ) Our reference  TPRA 71/001
)  England
District Councils ) Date 19 June 1978

Dear Sir

CORRIGENDUM TO CIRCULAR ROADS NO 24/77
GRANTS UNDER THE LOCAL EMPLOYMENT ACT 1972 FOR
ROAD WORKS IN DEVELOPMENT AND INTERMEDIATE AREAS

Please refer to the first page of Circular Roads No 24/77 issued on 19 July 1977.

The following amendment should be made:-

For “Direct line 01-212-7102”
read “Direct line 01-212-7108”

Yours faithfully

R M DENNY
Assistant Secretary
Dear Sir

GRANTS UNDER THE LOCAL EMPLOYMENT ACT 1972 FOR ROAD WORKS IN DEVELOPMENT AND INTERMEDIATE AREAS

GENERAL

1. This circular sets out the rules under which grants may be made under the Local Employment Act 1972 towards the costs of the roads in Development and Intermediate Areas to local authorities and private developers. In this circular Regional Controller means the Regional Controller (Roads and Transportation). A developer who inquires about grant towards the cost of a road proposed to be constructed may obtain a copy of this circular from the Regional Controller. It supersedes Circular Roads No 45/72 which is cancelled.

TRANSPORT SUPPLEMENTARY GRANTS

2. A scheme on which LEA grant has been approved will not also be eligible for Transport Supplementary Grant. An applicant will be required to provide certification from the county council that no part of the cost of works upon which LEA grant is claimed has been or will be included in any estimate of expenditure within the Transport Supplementary Grant under the Local Government Act 1974.

PRIMARY PURPOSE OF WORKS

3. Most road schemes in the industrial parts of Development of Intermediate Areas are likely to contribute in some degree to the development of industry in the area. Expenditure is eligible for consideration for grant only where as primary purpose of the road works there is a clear prospect of a positive contribution to industrial development by either attracting new industry or assisting the expansion of existing industry. A scheme to serve industry relocated from the centre of a town to the outskirts without providing additional employment opportunities is not eligible for grant.

ELIGIBLE TYPES OF ROAD WORKS

4. In both Development and Intermediate Areas, schemes for the improvement of existing roads or the provision of new roads will be eligible for consideration if they will provide any of the following:-

   a. roads leading directly to areas intended to be developed for industrial purposes required for the traffic needed to service the development. Consideration may be given to grant-aiding road construction or improvements serving single factory sites;

   b. roads essential to provide for an increase in the volume or a change in the type of traffic generated by new or expanding industry;
c. the main spine road and/or the rib roads within industrial estates

HIGHWAY MAINTAINABLE AT PUBLIC EXPENSE

5. An application for grant for the provision of a new road or for the improvement of a road which is not already maintainable by the local highway authority will be considered only if clear arrangements have been made for the road, to become a highway maintainable at the public expense upon satisfactory completion.

RATE OF GRANT

6. The maximum rate of grant will be 30% of approved expenditure.

SUBMISSION OF GRANT APPLICATIONS

7. Grant applications may be made by an authority or private developer for a scheme which meets any of the criteria set out in paragraph 4. Grant applications, claims and related correspondence should be addressed to the Regional Controller. An application, in respect of a new road or for the improvement of a highway not maintainable at the public expense must be accompanied by written confirmation from the highway authority:

(1) that the road, lighting etc will be constructed to a standard acceptable to the highway authority and that after completion the road will become a highway maintainable at the public expense.

(2) that proper arrangements have been made with the highway authority to ensure that the work is carried out to their satisfaction.

(3) that there has been due consultation with the highway authority with regard to interaction between the proposed road and the TPP.

CONSULTATION & GRANT PROCESSING

8. It is particularly important to ensure that due allowance is made in the programme for carrying out the development, including the roads in respect of which application for grant will be made, for the time required for consultations with the local highway authority and also for processing the grant application in the Department. Proper time should also be allowed for special consultations or approvals on eg interference with statutory undertakers apparatus or bridgeworks.

9. An applicant for a grant will need to satisfy the Regional Controller that the estimated cost is reasonable in comparison with the cost of similar schemes which have been recently carried out.

BRIDGeworks

10. Special engineering design is needed if exceptionally a bridge or similar structure forms part of the approval road scheme. There are special requirements covering the grant application and related drawings and plans. Full details may be obtained from the Regional Controller.

CONSTRUCTION AND LAYOUT STANDARDS

11. Annex C of the Department of Transport Circular 1/77, which may be obtained from HMSO price 50p, sets out the standards of construction and layout by reference to which application for grant will be considered. Grant will not be awarded in respect of schemes devised to inadequate standard. Grant on schemes designed to standards regarded by the Department as excessive will be calculated on the reasonable cost of executing works to the normal standards specified by the Department.

LAND

12. The cost of land used for a scheme is not normally eligible for grant but in any case in which there is an indication that the land costs would be likely to exceed 10% of the total cost of the works a request for payment of grant on the land costs may be made to the Regional Controller. In considering such requests the Department may call for advice from the Valuation Office of the Inland Revenue.
LIGHTING

13. The cost of providing or improving highway lighting may be accepted for grant if it is necessary for the volume and type of traffic likely to use the road during the hours of darkness. Details of the lighting which should be in accordance with normal standards and practice should be supplied with the formal grant application. In addition the 1/2500 scale plan to be supplied should show the location of each street lighting point and the mounting height and type of the lanterns. Developers will generally be able to get advice on lighting requirements from the local highway authority.

DRAINAGE

14. The cost of works for the drainage of surface water from the road is admissible as part of the road costs.

SEPARATE APPLICATION FOR SEWERAGE

15. Grant applications in respect of surface water drainage of areas outside the highway, or foul sewers intended to be installed in the same operation as the road construction should be addressed to the Department of the Environment, DW1 Division, 2 Marsham Street, London SW1P 3EB.

16. If road drainage is to be combined with other drainage and/or surface water sewers the apportionment of costs to the road scheme should be based on the proportion of the drainage area served or on a notional highway surface water drainage system if that is less. If an application is also made to DOE for grant on the other drainage surface water sewers, each application should bear a reference to the existence of the other.

CONSULTING ENGINEERS

17. The cost of the reasonable fees of consulting engineers will be eligible for grant provided that:

   (i) either the work involved is of a special nature, outside the normal competence of the applicant’s staff; or

   (ii) the applicant’s staff are too fully occupied with other work to be able to undertake the work themselves without delaying the preparation of the scheme.

Grant will be payable on the whole cost of the fees where (i) applies and on half the cost of the fees where (ii) applies. The grant application should include a statement signed by a responsible person to the effect that either sub-paragraph (i) or (ii) above applies. Grant will be payable on fees which do not exceed those in the Department’s Model Agreements A & B for highway works, details of which may be obtained from the Regional Controller.

STATUTORY UNDERTAKERS EQUIPMENT

18. The net cost of alterations to Statutory Undertakers equipment made necessary by the road works is eligible for grant. In calculating the net cost of Statutory Undertaker’s works, account must be taken of credits due to the highway authority under section 23(4) of the Public Utilities Street Works Act 1950, for any financial benefit conferred on the undertakers by deferment of the time for renewal of apparatus. The agreement concluded between representatives of highway authorities and of statutory undertakers for determining such financial benefit is set out in Appendix 1 to Circular Roads 49/72. Appendix 2 to the circular provides a ready reckoner for calculations using the initially agreed rate of interest. Copies may be obtained from the Regional Controller.

DEDUCTION OF CREDITS

19. The net cost of the scheme, for grant purposes, shall take account of the value of any credits which might accrue – or might reasonably be expected to accrue – from the road construction/improvement. Examples of these credits are the proceeds of sale of materials, trees etc; sums due from statutory undertakers; overheads in respect of non-grant-earning works carried out in conjunction with grant-earning works.
PRIVATE STREETS

20. Where it is proposed to make up or improve a private street providing access to and or forming part of the industrial development and the frontages are all industrial premises, normally these frontages would be expected to bear the whole cost of making up or improving the street. Where however some or all of the frontages are non-industrial premises, and it is proposed to abate under S. 120 of the Highways Act 1959 the charge to frontagers because:-

(i) the making up or improvement will generally benefit the public at large or a substantial part of the public and/or

(ii) it is necessary to carry out works to a higher standard than would otherwise be required to enable the street to carry the expected volume of traffic serving the development.

the cost of the abatement may be considered for grant. Any such application will be considered on its merits and evidence may be required as to the local authority’s normal exercise of the powers of S.210.

CONSTRUCTION

21. Schemes may be carried out by contract or in certain circumstances by the applicant’s directly employed labour. Where a scheme is estimated to cost over £100,000 (total scheme cost excluding land acquisition) competitive tendering must be adopted.

CONTRACTS

22. Where the work is to be carried out by contract, tenders must be invited from a sufficient number of contractors to ensure adequate competition, all of whom are known to be interested in tendering and to be technically and financially competent to complete the work satisfactorily; specifications must be drawn in terms which will ensure parity of tendering, and the Department’s Forms of Conditions of Contract shall be used as far as they are applicable. A copy of the tender documents and a list of the contractors it is proposed to invite to tender shall be submitted to the Regional Controller who shall have the right to require the deletion of any name from the list. (Further information about these requirements may be obtained from the Regional Controller).

23. If a grant applicant who has invited tenders or his associate who is a civil engineering contractor, submits a tender in competition with other contractors, arrangements must be made for a representative of the Regional Controller to be present when the tenders are opened. In all cases in which tenders are invited the Regional Controller should be supplied with a list of the contractors who have tendered and the amount of their tenders immediately after tenders have been agreed.

24. Any proposal to accept other than the lowest tender must be referred to the Regional Controller. Grant will not be payable if the grant applicant or his associate, having submitted an unsuccessful tender, subsequently decides to undertake the work himself.

DIRECT LABOUR

25. Directly employed labour may be used by local authorities or by private developers in accordance with the terms of DOE circular 49/75 which may be obtained from HMSO price 6p. All reasonable costs, including overheads, but excluding any element for profit will rank for grant. In schemes to be undertaken by direct labour it will be a condition of grant that the Council, the developer or his associate shall keep separate accounts records and documents of the cost of the works in respect of which grant has been authorised and make them available for examination by the District Auditor.

INELIGIBLE ITEMS

26. Attention is drawn to the items listed in Appendix A (sub-head III) which will not normally be considered for grant.
INFORMAL APPLICATION FOR APPROVAL IN PRINCIPLE

27. The procedure for making a formal grant application is set out in paragraph 28 below. It will often be the case, however, that an applicant will wish to know that a scheme is acceptable to the Department in principle before proceeding to the detailed design work. In addition, prior knowledge of a scheme will slightly shorten the time required for progressing the formal grant application within the Department. Applicants are therefore advised to apply to the Regional Controller informally, as soon as possible after outline planning approval has been given for the industrial development, for approval of a scheme in principle. An information application should contain the information set out in Appendix A sub-head I.

FORMAL GRANT APPLICATION

28. Formal application for grant should be made on form Roads 3/4 (LEA) supported by estimates of cost in form Roads 3X(LEA) under the broad heads set out in Appendix A sub-head II. Copies may be obtained from the Regional Controller.

STATEMENT OF GRANT

29. Grant is not payable until a statement of Grant approving the application has been issued. Each statement of Grant will contain an expiry date after which claims for payment of grant will not be accepted. If unavoidable delay in completing a scheme seems likely, an application may be made to the Regional Controller to extend the period of validity of the Statement of Grant. This should be made as soon as it becomes clear that there will be delay and should be supported by an estimate of the extent of the delay, the reasons for it and a progress report on the scheme.

30. Tenders for work or a scheme should not normally be invited until the Department’s formal approval has been indicated by the issue of Statement of Grant. The fact that tenders for a scheme have been received will not be accepted as a reason for giving priority of consideration of the issue of grant for that scheme over other schemes which may be under examination in the Department.

31. There may, however, on occasions be cogent reasons why the issue of invitations to tender or the start of works cannot await the formal approval of grant. In such cases the reasons should be fully explained in writing to the Regional Controller who, if he is satisfied, will give his written concurrence without prejudice to the amount of grant finally offered. Failure to follow this procedure may reduce the amount of grant, or possibly jeopardise any award. In any other circumstances a scheme completed before issue of grant approval will be ineligible for grant.

PRELIMINARY WORKS

32. Preliminary work which has to be carried out ahead of the main works after approval in principle but before final grant approval eg alterations to statutory undertakers apparatus, may be considered for approval at or after the time of issue of a statement of grant. If, however, such preliminary work proves to be abortive, the cost will not be eligible for grant unless the Regional Controller has given his prior approval in writing to its being undertaken.

ALTERATIONS TO SPECIFICATION

33. The Regional Controller should be informed of any alterations made to a specification which he had accepted and of the effect upon the approved estimate of cost. The local highway authority should also be informed. Minor changes in design that do not increase the grant-earning cost of the scheme by 5% or £10,000 whichever is the less, will not require prior approval. The Regional Controller’s prior approval should be obtained to any other design changes, any addition to the scheme or any reduction of specification.
EXCESS EXPENDITURE

34. Expenditure exceeding by more than 5% or £10,000, whichever is the less, the estimate on which grant was based, after adjustment for increases or savings resulting from approved additions or design changes to the scheme, will not attract grant unless specially approved before the scheme is completed. The Regional Controller should be informed promptly, if, during the course of the works it seems likely that expenditure in excess of these limits will be incurred.

DATES OF START AND FINISH OF WORK

35. The Regional Controller should be notified – as soon as possible after each event – of the dates of the start and finish of work on a scheme.

CLAIMS AND PAYMENTS

36. Claims should be submitted as soon as possible after completion of the works and not later than the date of expiry shown on the Statement of Grant.

37. On completion of the works, particulars of the actual cost should be submitted to the Regional Controller supported by the certificate of the Council/Company in form Roads 16(LEA). Copies may be obtained from the Regional Controller. For works executed by contract, a copy of the Contractor’s final accounts should be supplied. For works executed by direct labour, particulars of actual costs should be given in the schedule to form 3X (LEA).

INSPECTION OF ACCOUNTS

38. All accounts, records and documents relating to the works shall be open for inspection by a representative of the Department, and the Department reserves the right to make any adjustments to grant shown to be necessary as a result of such inspection, whenever made, even though a grant may already have been paid with appropriate payment to, or recover from the applicant.

Yours faithfully

K P LEARY
Assistant Secretary
I. INFORMATION NEEDED TO SUPPORT AN INFORMAL APPLICATION

a. a plan of the area showing the proposed new road or improvement (to scale of 1/2500 if available) in relation to the existing highways and proposed industrial development;

b. a brief description of the proposed scheme;

c. estimates of the cost of works, broken down as in II below so far as available, with an indication of the financial years during which expenditure is expected to be met;

d. evidence of the need for the road works;

e. unemployment rate for the area;

f. the employment potential of the site.

II. Broad heads under which estimates of costs should be set out in form Roads 3X (LEA).

a. statutory undertakers’ works;

b. earthworks;

c. carriageway construction divided into sub-base, base and surfacing;

d. footway and verges;

e. lighting

f. accommodation works;

g. clearance of site;

h. surface water drainage of road;

i. other expenditure. The applicant should give an indication of the general nature of “Other Expenditure” and specify significant items such as site supervision.
INELIGIBLE ITEMS

III. Expenditure on the items listed below is not eligible for grant. Any such item included in the expenditure upon which the grant statement was based, will be deleted from any grant settlement.

   a. establishment expenses;
   b. expenditure on acquisition of plant tools;
   c. cost of providing and installing surface water sewers, foul sewers and other sanitary works;
   d. expenditure which should properly be borne by a transport or other undertaking or body, eg arising from a statutory obligation;
   e. cost of raising loans;
   f. ex gratia payments;
   g. highway maintenance expenditure.