Dear Colleague,

Development Pool Schemes

I am today writing to you with further information on the Department for Transport’s Local Authority Major Projects Programme.

June Interim Submission Conclusions

Thank you for the interim scheme information that you all submitted to the Department on June 24th. We have now reviewed this information for the programme as a whole and believe it is important to share with you some of the high level conclusions we have reached. These are noted in the bullet points below:-

- Despite a 15% reduction in total scheme costs and a 30% reduction in funds requested for development pool schemes when compared to June 2010 there remains a considerable gap between the money requested and our budget.

- Development Pool Funding requests exceed the available budget in the Spending Review period by around £270m.

- Spending requests in the Spending Review period have only declined by around 1% compared to June 2010.

- Local Authority contributions have on average increased by 49% with a 96% increase in third party funding levels.

- Requested spend in 2013/14 exceeds the budget by £230m although budget and spend totals are similar for 2014/15

- Significant spending requests fall in the next Spending Review Period - £425m

From our analysis it is likely that, if final bids remain unchanged from these interim submissions, a number of schemes are likely to be unsuccessful in their funding applications and promoters may wish to consider this when making their final funding proposal to the Department.

Within the bid we are now also asking promoters to set out how flexible they can be as to when they receive DfT money, reflecting the different levels of funding DfT has available in each year.
Post Implementation Scheme Evaluation
The NAO has recently published a report on Local Major Capital Projects
In light of this report we thought it useful to inform you of how we propose to implement
these findings and the associated requirements we will place on scheme promoters
bidding for funds as part of this bidding round. You will note a question on scheme
evaluation in section 3.9 of the BAFB form.

♦ All promoters within the current Development Pool should be aware that they will be
required to set out the method, fund and then carry out either a) a full impact
evaluation (carried out in line with Government Guidance (the HMT Magenta Book)) or
b) a scheme monitoring report. You should consider the costs associated with this
evaluation in developing your funding bid and ongoing liabilities for your authority.

♦ Funding for scheme monitoring and evaluation will not be available from the DfT (our
funds are only available for capital projects) and local authorities will be required to
fund these studies from their own resources.

♦ Bidders should set out in the BAFB form the indicative allowance they have made for
the cost of a) a full scheme impact evaluation and b) pre and post scheme opening
monitoring. Our funding decisions will be invariant to whichever option is selected at a
later date.

♦ Detailed scheme monitoring and impact evaluation plans should be submitted by
promoters only once outline funding decisions have been made (after December
2011) but before full approval is granted.

♦ The Department reserves the right to call for a full scheme impact evaluation to be
carried out on any scheme as a condition of funding approval, but may decide to opt
for a lesser, pre and post scheme monitoring report. One or other would be required to
be produced for each scheme funded. The evaluation requirements will need to be
agreed with DfT prior to full approval and will be informed by our existing guidance on
the evaluation of major schemes. The evaluation requirements will be proportional to
the scheme in question and the process used to prioritise schemes will be transparent
and proportionate.

♦ The Department will decide upon which schemes are required to have a full evaluation
in the period after funding decisions have been made in December using these
criteria.

Best And Final Bid Form
A copy of the final BAFB form is attached. A copy will be available on the Department’s
website shortly. There are a number of changes to the form from that presented in draft in
February, reflecting the outcomes of our Decision Making Review, comments received
and some of the conclusions drawn from the June interim submission (e.g. Sections 4.5
and 4.6).
We have referenced the questions in the form to the key elements of the five case approach for clarity.

Any questions relating to the form should be addressed to me. We will seek to answer your questions as promptly as possible.

It should be noted that for schemes that require both HM Treasury and DfT approval\(^1\), the information contained as part of the bid will be used as the basis for seeking HM Treasury approval. Bidders should consider this when drafting the form, and ensure that an appropriate level of detail is contained within each section commensurate to the size and/or complexity of the scheme in question. If we think that insufficient information has been provided under each section to allow such approvals to be granted, the Department retains the right to ask for further information on each question as part of the clarification process or subsequently.

**Process for Submission of Bid**
A signed electronic copy of the BAFB form in pdf format must reach DfT by **midday on Friday 9th September 2011**. The email address to which information should be sent is xxxxxxxxxxxxxxxxx

The Department will not accept any bids received after this time and these schemes will not be considered for funding as part of this process.

Please note that the size limit for emails to the Department is 20Mb. Anything larger than this will not get through the DfT mailbox so please make sure that the email with the BAFB form is less than the 20Mb limit to ensure that it is received on time. If you split documentation across more than one email (to ensure that no one single email is more than 20Mb) could you please indicate this in the subject field e.g. email 1 of 3.

A paper copy should also be supplied for our records but an electronic version must be supplied by e-mail by the deadline stated above. The Department will acknowledge the receipt of each bid as it is received by way of an e-mail to the address from which the bid was sent.

All other supporting information should also be submitted by this date including the Value for Money analysis. Supporting information in documents larger than 20Mb should be sent on a CD or DVD by first class recorded delivery to reach the Department no later than Monday 12th September 2011. A list of the documents to be supplied in this way must be provided in the covering e-mail to the bid.

Please note that the Department is not expecting the resubmission of a revised Major Scheme Business Case document as part of each bid. It will not be possible for the team here to read and digest such information in the short time that we have available. Final

---

\(^1\) Applies to schemes with a public sector cost (combined total of DfT, Local Authority and any 3rd party contributions that are not yet confirmed but which are being underwritten by the LA) of greater than £100m, and schemes with public sector cost of greater than £40m and a DfT accepted BCR of 3.5 or less. Given that promoters will not know the DfT BCR at the time of bid it is for them to decide on the appropriate level of detail to include.
decisions will be made using the information contained in and accompanying the form and any other relevant information already held by the Department.

**Clarification Questions**
Following the receipt of bids we will provide promoters with any clarification questions by 7th October 2011, with a requirement that clarification responses must be submitted within 2 weeks of any questions being sent out to you by DfT. Any information provided after this time will not be considered when making the final assessment. We reserve the right to ask further clarification questions after this point if the answers we receive do not answer our specific concerns.

**Publication of Your Bid**
I would also reconfirm the requirement that your bid document and supporting information must be made available on your authority’s website by 5pm on Monday 12th September 2011 (and ideally on the 9th). You should be aware that the Department will be providing links from our own website to these forms as soon as possible after bids are received. It is thus important that a weblink is included on the form when submitted.

**External Views**
The Department will be allowing external parties to provide comments on the bids that we receive. The comment period will run from 9th September to October 14th and will be open to anyone who wishes to submit a relevant comment on the proposals. Where comments received are contrary to that supplied in the bid, or where they may have significant influence on our decision making process, we may seek further clarification from promoters on these particular issues. A dedicated email address has been established for comments:

development.pool@dft.gsi.gov.uk

We are requiring that all scheme promoters provide this email address on their website alongside their bid documentation setting out the timescales and process for comments to reach the Department.

**Prep Costs**
In recent days we have received a number of queries with regard to Prep costs and how this should be handled. Please see answer to Questions 30 and 38 in the Q&A from the Development Pool workshops.

**Further Issues**
You should note the other advice that the Department has issued recently via earlier emails and frequently asked questions. If you are unclear on any issues please contact us as soon as possible.

Yours sincerely,

xxxxxxxxxxxxx