Dear xxxxxx,

Nottingham Ring Road - Funding Approval and Re-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 Nottingham City Council the funding requested, subject to the following conditions, and thereby re-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 £12.8m towards the estimated total scheme cost of £16.175m. 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.

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 £12.8m. No further funding will be provided by the Department. Nottingham City 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 £16.175m, the savings will be shared between the Department and Nottingham City 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. Nottingham City Council will be solely responsible for the validity of the procurement process for the scheme.

vi. We expect Nottingham City Council 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. Nottingham City Council may, as previously set out, be required to undertake an evaluation of the scheme in line with DfT guidance at your own expense. We will inform authorities this coming Spring whether they will need to undertake a full evaluation and the process for agreeing its scope or whether a less detailed evaluation will be sufficient. All authorities will in any case be expected to monitor the impact of their schemes and we will issue guidance for doing this in due course.

viii. Nottingham City Council is 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.

ix. Nottingham City Council is required to review its governance arrangements for the scheme – particularly its proposals for the composition of the Project Board - and provide updated proposals to the Department’s satisfaction by the end of January 2012.

I should be grateful for written confirmation that Nottingham City 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);
- an assessment of the Social and Distribution Impacts of the scheme (conducted in line with DfT guidance) which, where appropriate, should include details of appropriate mitigations – in particular this should include proposed mitigations of the forecast increase in the number of accidents in the light of your analysis that these will be distributed unevenly with child pedestrians and most deprived groups being disproportionately affected;
- 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; and
- confirmation from your S151 officer that Nottingham City 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,

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