Dear xxxxx,

Bexhill-Hastings Link 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 East Sussex County 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 to award Phase 2 (ie Notice of Approval to Construct) of the ECI contract or enter into 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 £56.85m towards the estimated total scheme cost of £85.916m. **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 £56.85m. No further funding will be provided by the Department. East Sussex 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 £85.916m, the savings will be shared between the Department and East Sussex 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. East Sussex 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;

ix. You are required to provide us with a fully worked up plan, subject to public consultation, including delivery timetable and agreed funding package, to show how you will deliver, in full, the complementary public transport measures (junction improvements and bus priority measures) listed in Bexhill Hastings Link Road Best and Final Funding Bid: Traffic Forecasting Report (September 2011) - sections 2.2.4; 2.2.5; and 2.4.1 and summarised in the Annex to this letter;

x. You are required to provide us with a fully worked up plan, including delivery timetable and agreed funding package, to carry out further offsetting environmental and biodiversity measures. We will want to discuss and agree with you the scope
of these measures. Options include modifying the design of one of the over-bridges to a "green bridge" to aid species movement and address habitat severance; and a financial contribution from the Council to a Heritage Lottery Fund project in the Brede-Hastings area to enhance meadow land and a wet woodland/grassland;

xi. You are required to provide us with a progress report to be sent to the Department setting out the levels of developer interest in and commitment to the proposed employment and housing sites in North East Bexhill in the light of this provisional funding approval; and a commitment to report on this annually to the Department as construction of the scheme progresses; and

xii. You are required to provide us with a plan to be sent to the Department setting out how the Council will ensure that local unemployed people are given appropriate support so that they are well place to compete for the jobs which will ultimately be delivered by the scheme.

I should be grateful for written confirmation that East Sussex 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;
- the various plans and report, as listed above in conditions ix to xii inclusive; and
- confirmation from your S151 officer that East Sussex 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,

XXXXXXXXXXXXXXXXX
Annex

**Complementary transport measures**

- Improved roundabout junction of B2093 The Ridge/B2092 Queensway, Hastings
- A259 westbound bus lane on approach to Glyne Gap roundabout
- A259 eastbound bus lane on approach to Harley Shute Road
- A259 westbound bus lane between Filsham Road and Harley Shute Road
- An improved roundabout will be provided at the junction of Harrow Lane with The Ridge
- A new bus service which would use the Link Road (described in para 2.4.1 in the Forecast Report)

Source: Bexhill Hastings Link Road Best and Final Funding Bid: Traffic Forecasting Report (September 2011) - sections 2.2.4; 2.2.5; and 2.4.1