



# Department for Transport

Matt Johnson  
Shropshire Council  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

Robert S Fox  
LOCAL INFRASTRUCTURE  
DEPARTMENT FOR TRANSPORT  
ZONE 2/15  
GREAT MINSTER HOUSE  
33 HORSEFERRY ROAD  
LONDON  
SW1P 4DR  
DIRECT LINE: 07966 511804  
e-mail: roberts.fox@dft.gov.uk

Web Site: [www.dft.gov.uk](http://www.dft.gov.uk)

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Dear Matt,

## **SHREWSBURY NORTH WESTERN RELIEF ROAD - PROGRAMME ENTRY: LARGE LOCAL MAJOR SCHEMES PROGRAMME**

Following the receipt of your Business Case for the above scheme and subsequent discussions, this letter confirms that Ministers have agreed to provide Shropshire Council with the agreed level of funding below, subject to the following conditions, and thereby confirm Programme Entry for the scheme within the Large Local Major schemes programme. This should allow your Authority to complete the negotiation of all the remaining legal and procurement processes (but not enter into final contractual or other legal commitments) following which a request for Full Approval can be made. Once Full Approval has been granted the required contractual and other legal commitments can be entered into.

### **DfT Funding**

As part of this approval the Department will provide a maximum capped funding contribution of up to **£54.4 million** towards the estimated total scheme cost of **£71.4 million**. Should Full Approval of your scheme be granted, funding will be paid as capital grant under Section 31 of the Local Government Act 2003. We will discuss with you the final profile of funding and the extent to which funding is to be provided in advance of Full Approval. For this purpose I would be grateful if you would let me have your latest estimated profile of spending including a breakdown of costs to be incurred prior to Full Approval.

### **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 funding bid as submitted to the Department and 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.
- iii. The Department's contribution will be up to a maximum of **£54.4 million**. (This figure excludes the £0.942m grant awarded previously towards the development of the scheme business case.) No further funding will be provided by the Department. Shropshire Council is solely responsible for meeting any expenditure over and above this amount. The Department's contribution is also subject to the future availability of funding.
- iv. We expect you to keep the cost estimate for the scheme under review. If the total estimated costs fall below £71.4m, the Department's contribution will also reduce proportionately. The total estimated costs for the scheme should include costs necessary to bring the new infrastructure into public use but not any ongoing costs of care and maintenance.
- v. Should this scheme progress to Full Approval, further detailed conditions would apply to any grant payable. The grant would be claimed annually in advance.
- vi. Shropshire Council will be solely responsible for the validity of the procurement process for the scheme.
- vii. Shropshire Council continues to develop the business case for the scheme in accordance with the Department's Transport Business Case guidance and Transport Appraisal Guidance (WebTAG).
- viii. The Department is kept closely informed of progress with, and expenditure on, the scheme. It is important that you complete and return quarterly monitoring forms by the due date. In general, updates of progress, and information on work carried out should be shared with DfT on an open and transparent basis and no reasonable request for information withheld.
- ix. A DfT representative may attend Project Board meetings as observer and Project Board papers and minutes should be provided to DfT on request.
- x. Shropshire Council will carry out a full evaluation of the scheme, the details of which we would wish to discuss with you and agree before Final Approval. We would expect you to make the results of this evaluation available to the Department.

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

## Full Approval

You are required to submit a final business case to the Department for Full Approval. This will need to include:

- confirmation of the overall cost and scope of the scheme;
- a declaration that that you have acquired all the necessary statutory powers to construct the scheme;
- confirmation that you have completed the procurement process to a stage where you have a preferred bidder and a firm and final offer; and
- confirmation from your S151 officer that Shropshire Council has the ability to cover all remaining funding required over and above the capped Departmental amount including any additional funding required as a result of the remaining legal and procurement processes.

We look forward to working with you on updating of the Business case and to receiving a bid for Full Approval once any remaining legal and procurement processes have been satisfactorily completed.

I am copying this letter to Louise Claire, DfT Area Lead.

Yours sincerely,



**Robert S Fox**