

14 May 2018

Mark Kemp
Director of Growth & Strategy
Buckinghamshire County Council
County Hall
Walton Street
Aylesbury
Bucks
HP20 1UY

Dear Mark,

Buckinghamshire Thames Valley Growth Deal LGF1 – Capital Grant Letter for the Aylesbury Eastern Link Road South scheme

The original LGF grant funding award of £11.97m was based on a combined business case for the Stocklake Link Road Urban (SLRU) and Eastern Link Road South (ELRS), shown in the funding profile shown in Table 1 below.

The SLRU was completed in 2017 for £5.1m; funded from £2.1m pre-committed LGF (LTB) funding, £1.44m from BCC Capital and £1.46m from the total LGF funding allocation of £11.97m, leaving a grant balance of £10.51m.

A planning application was submitted in March 2016 for the Woodlands development, which included the ELRS scheme. Planning consent was expected within a year but highway capacity concerns on the impact of the cumulative scale of growth in Aylesbury resulted in significant delays.

Further to BTVLEP Board Meeting held on 22nd September 2017, an offer letter was issued to Buckinghamshire County Council for early draw down of £550,000 from the remaining £10.51m LGF grant to secure planning consent related to Eastern Link Road South. The drawdown has been used to secure outline planning consent, negotiate S106 Agreement and agree a land disposal strategy with the landowner. The remaining LGF grant balance is £9,960,000.

This letter confirms the award of up to £9,960,000 Capital grant to Buckinghamshire County Council from the [Buckinghamshire Thames Valley Local Growth Deal \(Local Growth Fund 1\)](#) for the Aylesbury Eastern Link Road South (ELRS) scheme in the approved Outline Scheme Business Case 26th January 2018, attached.

Table 1: Original LGF Funding Profile (combined SLRU & ELRS schemes)

Scheme Funding	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Pre-committed LGF (LTB)	£2.10					£2.10
Local Growth Funding (LGF)	£2.67	£6.82	£2.45	£0.03		£11.97
BCC Capital	£1.10	£0.24	£0.10	£0		£1.44

Annex A, County Offices
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BCC Revenue		£0.35	£0.32	£0.28		£0.95
S106 / Private Sector			£4.26	£4.56		£8.82
Other						£0
Total	£5.87	£7.41	£7.13	£4.87		£25.28

Table 2 shows the profiled funding available for ELRs based on scheme delivery by 31st December 2021:

Table 2: ELRs Funding Profile

Scheme Funding	Actual to 2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Local Growth Funding (LGF)		£9.96m				£9.96m
BCC Forward Funding**	£1.03m*	£2.0m	£10.0m	£15.0m	£2.27m	£30.30m
Total	£1.03m	£11.96m	£10.0m	£15.0m	£2.27m	£40.26m

*Financial years 2014/15 – 2017/18 actual spend (totals £1,024,218).

**BCC Forward funding comprises a Section 106 contribution of £28m and alternative funds of £2.27m (generated from sources such as the Housing Infrastructure Fund or reallocation of funds secured against the neighbouring Aylesbury South East Link Road project).

This profile is based on cost estimates supplied by Buckinghamshire County Council and assurances that BCC are committed to underwriting the BCC risk budget.

The ELRs scheme costs and expenditure profile is shown in Table 3 below.

Table 3: ELRs scheme expenditure

Scheme Expenditure	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Land		9.96				£9.96
Preliminary design	1.03					£1.03
Consultation			0.04			£0.04
Detailed design		1.5	0.23			£1.73
Construction			5	9.5	0.3	£14.8
Construction (other)			0	0.25		£0.25
Utilities			1	1.2		£2.2
Project risk			0.1	1		£1.1

Oprimism Bias (27%)			1.5	1.7	1	£4.2
Inflation			2.03	1.25	0.72	£4.0
BCC resource cost		0.5	0.1	0.1	0.25	£0.95
Total	£1.03m	£11.96m	£10.0m	£15.0m	£2.27m	£40.26m

Scheme Information

Project Title: Aylesbury Eastern Link Road South (ELRS)
Project Sponsor: Buckinghamshire County Council
LGF ref.: LGFBUC01

BTVLEP authorisation

The scheme is included in the [Strategic Economic Plan](#) and [BTVLEP Local Growth Deal](#) published in July 2014. The LEP Board approved the Growth Deal Assurance Framework on [April 2015](#), including subsequent revisions and amendments.

BTVLEP Board 17 November 2017 granted delegated authority to approve the Outline Business Case and provide a letter of contract to Buckinghamshire County Council for the conditional payment of the full LGF grant as set out below.

Payment of LGF Grant in the total sum of £9,960,000, conditional upon planning consent (ref. 16/01040/AOP) and independent land valuation, for the acquisition of land and other associated costs to enable the delivery and funding of the Aylesbury Eastern Link Road (South) scheme.

Where the grant is used for acquisition of land to support delivery of the ELRS, release and expenditure of funding will be subject to authorisation of the appropriate Service Director, LEP Chief Executive Officer and Section 151 Officer.

Where funds are to be used directly for design, procurement and construction of ELRS, the LGF grant shall be held in trust by Buckinghamshire County Council and the drawdown of grant shall be to be subject to,

- i. Approval of the ELRS Full Business Case**
- ii. Reserve Matters consent for the ELRS**
- iii. Detailed scheme design, final scheme cost, procurement and delivery plan**
- iv. Acquisition of land and/or rights required for construction of the ELRS scheme**
- v. Assurance that Buckinghamshire County Council has secured funds and contributions required to complete the ELRS scheme.**

BTVLEP Grant Funding

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As part of this approval, BTVLEP will provide a maximum funding contribution of **£9,960,000** on a match funded basis as outlined in Table 2 above, towards the estimated total scheme cost. No further funding will be provided by BTVLEP for this scheme. Should Full Approval of your scheme be granted, funding will be paid as capital grant to an indicative profile to be agreed.

In the event that Buckinghamshire County Council wishes to alter the profile of the grant payments, it must seek prior written approval from BTVLEP. The grant funding is made subject to the following:

Terms and Conditions of Grant Funding

This offer of grant funding is subject to the following conditions:

- 1. Roles:** BTVLEP is a part funder of the scheme. Buckinghamshire County Council is the scheme promoter, and is the relevant highway and planning authority for Buckinghamshire.
- 2. Responsibilities:** BTVLEP is responsible for allocating the Capital grant in accordance with its Assurance Framework. Buckinghamshire County Council is responsible for all aspects of the design, consultation, risk management, insurance, procurement, construction and implementation of the scheme, including its responsibilities as regulatory Highway and Planning Authority, any other statutory duties, and any financial or other liabilities arising from the scheme.
- 3. Grant Funding:** The BTVLEP contribution will be a maximum of £9,960,000. No further funding will be provided by BTVLEP. Buckinghamshire 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 under the Land and Compensation Act 1973. The BTVLEP reserves the right to reduce its contribution should the scheme promotor receive third party funding contributions.
- 4. Other Funding:** Buckinghamshire County Council will underwrite the risk element of any other sources of funding including any third party funding contributions, Community Infrastructure Levy (CIL), Section 106 or other private sector funding contributions. In the event that the scheme experiences or it is anticipated that the scheme will experience a shortfall in these contributions, Buckinghamshire County Council will be required to notify BTVLEP of these developments with proposed remedial funding strategy.
- 5. Implementation and Variation:** The scheme must be implemented in accordance with the scheme proposals as set out in the approved Business Case, subject to any changes which may occur as a result of further design or as a result of any remaining statutory procedures. BTVLEP 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 BTVLEP 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. Failing this permission, no further monies will be paid to Buckinghamshire County Council after the change becomes apparent to BTVLEP. In addition, consideration will be given to recovering any monies paid to Buckinghamshire County Council in respect of this scheme.

6. **Reporting:** The scheme promoter will use the pro forma supplied by BTVLEP to submit quarterly reports on progress of the implementation of the scheme before each programme review meeting and until the scheme reaches completion. In particular, Buckinghamshire County Council will report on any change in the size, scope or specification of the scheme; and on any savings against the scheme budget whether achieved by such changes to the size, scope or specification of the scheme, or through procurement, or through the efficient implementation of the scheme.
7. **Auditing:** Buckinghamshire County Council will keep financial records such that the expenditure on the scheme is readily identifiable, and if requested made available to DfT or other government departments, independent auditors or the accountable body for BTVLEP.
8. **Timing and Triggers for payments:** Where applicable, Buckinghamshire County Council will submit a quarterly claim with a supporting certificate of work completed, in accordance with the Financial Profile. The Claim will be submitted using the appropriate pro-forma / documents and by the required quarterly return date. The accountable body for BTVLEP will satisfy itself of the correctness of the certificate before releasing any grant funding. The LGF Grant shall be fully expended by the required grant funding deadline of 2021.
9. **Consequences of Delay:** In the event that the scheme experiences minor delays to its overall Business Case programme (no more than 10 weeks), Buckinghamshire County Council will report these delays and the reasons for them, and the proposed remedial action to the BTVLEP Executive at the earliest opportunity. In the event that the scheme experiences major delays to its overall Business Case programme (11 weeks or longer) Buckinghamshire County Council will be required to seek permission from BTVLEP to reschedule any payments that are due, or may be delayed in falling due because of the delay to the overall Business Case programme.
10. **Consequences of Failure:** As soon as it becomes apparent to Buckinghamshire County Council that it will not be possible to deliver the scheme at all, written notice shall be given to the accountable body for BTVLEP. No further monies will be paid to Buckinghamshire County Council after this point. In addition, consideration will be given to recovering any monies paid to Buckinghamshire County Council in respect of this scheme.
11. **Claw back and Gainshare:** If the overall scheme achieves savings against the budget set out above, and recognising that if BCC has established a Gainshare agreement with their chosen contractor (which for the avoidance of doubt means that any gainshare due to the contractor in line with the contractual arrangements is a cost to the project), any savings secured by Buckinghamshire County Council may reduce the overall grant payable by BTVLEP. The accountable body for BTVLEP reserves the right to claw back any amounts of grant that have been spent on purposes other than the scheme as submitted in the approved business case and any repayments due as a consequence of changes to the design or specification of the scheme or scheme failure.
12. **Recycling of LGF Grant:** where surplus funding is generated through the scheme, these funds shall be used to repay up to the total value of the LGF Grant Funding and repaid to BTVLEP or held in trust by the accountable body. These funds shall only be used for reinvestment in affordable housing, Education and or other infrastructure provision for the Woodlands development to ensure a S106 policy compliant scheme. Commitment of these funds shall be

subject to authorisation of the appropriate Local Authority Service Director, LEP Chief Executive Officer and Section 151 Officer.

13. **Scheme Monitoring and Evaluation:** The scheme promoter will provide accurate, timely, verified monitoring data for a period of five years after practical completion of the scheme, which relate to defined outputs and outcome indicators agreed between BTVLEP and government as a condition of the Growth Deal. In addition this scheme will also be required to participate in an evaluation as set out in the Growth Deal Monitoring and Evaluation Plan and any other relevant DfT guidance.
14. **Other Conditions of Local Growth Funds:** Buckinghamshire County Council will acknowledge the financial contribution made to this scheme through Local Growth Funds and follow the “Growth Deal Identity Guidelines” issued by government. It will also give due regard to the Social Value Act, particularly through the employment of apprentices across the scheme supply chain.

A claim pro-forma is attached to this letter. If you have any questions about this grant letter, please contact John Rippon who is dealing with this matter, on john@btvlep.co.uk or 07718989416.

Yours sincerely,

Signed: _____

Date: _____

Andrew Smith, Chairman BTVLEP

Grant offer accepted on behalf of the Project Sponsor:

Signed: _____

Date: _____

Mark Kemp, Director Growth & Strategy, Transport Economy and Environment