



Department for Transport

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Dear Sir Howard

A6 TO MANCHESTER AIRPORT RELIEF ROAD

Following the receipt of the business case on 12 November 2012 for the above scheme and following consideration of that business case, this letter confirms that Ministers have agreed to provide Greater Manchester Combined Authority (GMCA) with funding for the scheme, subject to the conditions set out in this letter, and thereby confirm Programme Entry for the scheme.

GMCA will subsequently provide the relevant funding for the scheme to Stockport Metropolitan Borough Council (SMBC) who is the lead Highways Authority for the delivery under the Section 8 Highways Act 1980 agreement in place between SMBC, Manchester City Council and Cheshire East Council.

This should allow SMBC as lead authority to complete any 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 **£165.0m** towards the estimated total scheme cost of **£230.37m**. **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 to GMCA 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 business case dated November 2012, including that it will be delivered within the timescale as subsequently agreed, 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 **£165.0m**. No further funding will be provided by the Department. GMCA is responsible for funding expenditure over and above this amount.
- iv. Should the final cost of the scheme be lower than **£230.37m**, the savings will be shared between the Department and GMCA in proportion to the share of funding as set out in this letter.
- v. 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.
- vi. SMBC as lead authority will be responsible for the validity of the procurement process for the scheme.
- vii. We expect GMCA to keep us closely informed of progress with, and expenditure on, the scheme and it is important that GMCA completes and returns quarterly monitoring forms by the due dates. The Department also reserves the right to request more frequent progress reports as necessary, to have sight of project board papers and meeting notes, and for its representatives to attend project board meetings.
- viii. SMBC will be required to undertake an evaluation of the scheme in line with DfT guidance at your own expense 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.
- ix. SMBC is required to ensure that there is an appropriate project assurance mechanism in place, including formal Gateway reviews, and to make the results and recommendations of such reviews available to the Department on request.

- x. SMBC should ensure that the variable demand modelling for the scheme is appropriate and a range of sensitivities are carried out (e.g. may consider recalibrating the variable demand model based on peak hour generalised cost from the traffic assignment model and revise the economic appraisal, as well as employing a range of sensitivity tests of alternative reasonable assumptions). This should address the uncertainty in the scheme benefits related to the demand model methodology.
- xi. SMBC should update the forecast uncertainty logs for the scheme to ensure appropriate assumptions are made (for example, assumptions about which road, public transport and Local Sustainable Transport Fund schemes are included in the forecast year Do-Minimum and Do-Something scenarios).
- xii. SMBC should review the need for the Public Transport model and enhance/update as appropriate.

I should be grateful for written confirmation that the GMCA agrees to the conditions set out above, this will be through certification from GMCA's Section 151 Officer.

Full Approval

No grant will be paid to GMCA against the agreed profile until the Department has confirmed Full Approval status for this scheme. Your formal requests to the Department for Full Approval will need to include an updated 5-case business case document which meets the guidance in place at the time of application. In particular this should include

- confirmation of the overall cost and scope of the scheme, and details of any confirmed funding contributions from third parties;
- confirmation that the procurement process for the construction of the scheme has been completed to a stage where a preferred bidder has been selected and a firm and final offer has been assessed;
- a declaration that that all the necessary statutory powers have been acquired to construct the scheme (Traffic Regulation Orders excepted);
- evaluation plans for the scheme; and
- confirmation from the GMCA S151 officer that GMCA 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,



Charlie Sunderland

