

**DOCUMENT 13**

**Internal Memorandum of Understanding March 2018**

# INTERNAL MEMORANDUM OF UNDERSTANDING

March 2018

## ***Gloucester South West Bypass (Llanthony Road) Improvements***

The following note sets out the arrangements that have been agreed between Gloucestershire County Council's *Highways Commissioning Department* ("Highways Commissioning") (1) and certain members of Gloucestershire County Council's Finance department and Economic Development Team (the "Accountable Body Team") (2) regarding the management of Local Growth Capital Funding of £2,000,000 for the *Gloucester South West Bypass (Llanthony Road) Improvements* project described in Appendix 2 hereto (the "Project").

Gloucestershire County Council ("GCC") shall be acting as the "Project Promoter" as defined in the funding agreement that was entered into between Gloucestershire County Council and GFirst LEP CIC on 27<sup>th</sup> August 2015, under which GFirst LEP CIC delegated to GCC its responsibilities in respect of certain transport schemes in connection with the said Project.

*Highways Commissioning* shall be responsible for delivering the project and achieving the outputs, outcomes and milestones and satisfying other conditions set down in this Internal Memorandum of Understanding. The Accountable Body Team shall be responsible for ensuring that the Local Growth Capital Funding received by GCC from government and the payments made, including to any third parties in connection therewith, are accounted for and administered correctly, in accordance with the parameters of the capital grant funding determination issued to GCC by the Department of Communities and Local Government (DCLG).

Each of the Local Growth Capital Funding Instalments set out in the table below shall be used solely for the purposes of procuring the delivery of the said Project during the period 01<sup>st</sup> August 2014 to 31<sup>st</sup> March 2021. The amount of the Local Growth Capital Funding shall not be increased in the event of any overspend by the Promoter in procuring the delivery of the Project.

Payment of the Local Growth Capital Funding by the Accountable Body Team to *Highways Commissioning* is subject to and conditional upon GCC first receiving growth funding of a sum equal to the Local Growth Capital Funding from the Department of Communities and Local Government for the purposes of funding this project.

This Memorandum Of Understanding is a statement of intention only and is not intended to be legally binding. No third party shall have any right to exercise any rights whatsoever in relation to the content of this Memorandum Of Understanding under the Contracts (Rights of Third Parties) Act 1999.

**PAYMENT REQUESTS:**

1. *Highways Commissioning* shall no later than 5 working days following the relevant "Funding Payment Request Date" set out in the table below, submit to colleagues within the Accountable Body Team a funding payment request in respect of the relevant Local Growth Capital Funding Instalment using the Funding Payment Request pro-forma attached hereto as Appendix 1.
2. Each Funding Payment Request submitted to the Accountable Body Team shall be in the format set out in Appendix 1 hereto.
3. Payment shall be made by Finance colleagues within the Accountable Body Team to *Highways Commissioning* within ten (10) working days of receipt by the Accountable Body Team of a valid Funding Payment Request and the supporting documentation described in paragraph 4 hereto.
4. Each Funding Payment Request shall be accompanied by receipted invoices or accounting documents of equivalent verifiable value in such format and detail as may be required by the Accountable Body Team relating to the amount of payment requested.
5. Where a Funding Payment Request is made for items on a proportional basis, *Highways Commissioning* will also provide itemised records to finance colleagues in the Accountable Body Team to demonstrate how the amounts that are eligible relate to each of the original invoices and/or salary records.
6. If *Highways Commissioning* wishes to vary any of the Funding Payment Request Dates set out in the table below then it shall make a written request to the Accountable Body Team to do so. Such requests will then be reviewed by the Accountable Body Team and discussed with the Local Growth Fund Programme Management Group as necessary, to determine whether they can be accommodated in light of the overall Growth Fund cash flow position. If the funding drawdown does not commence in the Financial Year as per this Internal Memorandum of Understanding, then the funding for the entire Project may be at risk and will only be reconfirmed after the Government's annual funding settlement has been received and reconfirms the availability of funds.
7. Whereby it is agreed that funding can be drawn down in advance of expenditure incurred, monies will have to be repaid by *Highways Commissioning* to the Accountable Body should any underspend materialise upon project completion.

8. In agreement with the LEP, the Accountable Body Team may withhold or suspend payment of the Local Growth Capital Funding and/or require repayment of all or (as appropriate) the relevant part of the Local Growth Capital Funding if it is considered that insufficient progress has been made with the Project, against the milestones/deliverables set out in the Budget and Project Plan; the future of the Project is in jeopardy and/or there is any cessation of work on the Project, or any event or circumstance which is likely to affect significantly the satisfactory completion of the Project.
9. The Promoter (*Highways Commissioning*) shall acknowledge the Local Growth Capital funding in its public documents and publicity material, including an acknowledgement of HM Government as the source of the Local Growth Capital Funding, GFirst LEP as strategic lead organisation for the Gloucestershire Growth Deal and Gloucestershire County Council as "Accountable Body". Acknowledgement of GFirst LEP and the Gloucestershire Growth Deal shall be made using the correct names and logos and strictly following the guidance laid down in the GFirst LEP Gloucestershire Growth Deal Publicity Requirements.

Period number	Period to which the Local Growth Capital Funding Instalment relates	Funding Payment Request Date(s)	Local Growth Capital Funding Instalments	Milestones to be completed
1.	1 <sup>st</sup> Aug 2014 to 31 <sup>st</sup> Jul 2018	31 <sup>st</sup> July 2018	£550,000	<ul style="list-style-type: none"> <li>• LEP Board Approval</li> <li>• Prelim designs complete</li> <li>• GCC Cabinet Approval</li> <li>• Listed Building Consent</li> <li>• Planning consent</li> <li>• Demolition consent</li> </ul>
2.	1 <sup>st</sup> Aug 2018 to 30 <sup>th</sup> Sept 2018	30 <sup>th</sup> Sept 2018	Up to £500,000	<ul style="list-style-type: none"> <li>• Land Purchase – Details of purchase and asset acquired to be submitted with funding claim</li> </ul>
3.	1 <sup>st</sup> Oct 2018 to 31 <sup>st</sup> Dec 2018	31 <sup>st</sup> Dec 2018	Up to £600,000	<ul style="list-style-type: none"> <li>• Environmental Appraisal completed with all permits and consents associated with the Environmental Appraisal in place.</li> <li>• Highways Detailed Design Complete</li> <li>• Land Purchase – Details of purchase and asset acquired to be submitted with funding claim</li> </ul>
4.	1 <sup>st</sup> Jan 2019 to 31 <sup>st</sup> Mar 2021	31 <sup>st</sup> March 2019	Up to £350,000	<ul style="list-style-type: none"> <li>• Land Purchase – Details of purchase and asset acquired to be submitted with funding claim</li> </ul>
<b>TOTAL</b>			<b>TOTAL CLAIMED: £2,000,000</b>	

## SPECIFIC CONDITIONS

Due to the significant potential for anticipated scheme costs to escalate following the tendering process and the risks associated with the outstanding elements of the environmental appraisal, utilities diversions cost agreements and detailed designs (all expected to be complete by July 2018), the Accountable Body Team may, in agreement with the LEP, withhold or suspend payment of the Local Growth Capital Funding and/or require repayment of all or (as appropriate) the relevant part of the Local Growth Capital Funding, if it is considered that the scheme become unaffordable, undeliverable, environmental approvals are rejected, or significant changes be made to the scheme to the extend that the planned scheme does not deliver upon its stated objectives as outlined within the Full Business Case document.

The Accountable Body Team will not release the Local Growth Capital Funding until Gloucestershire County Council Cabinet approval is in place to confirm Gloucestershire County Council commitment to the funding of any cost increases and future ongoing maintenance.

The Accountable Body Team will not release the Local Growth Capital Funding until planning permission, demolition consent, listed building consent are obtained.

### **Evaluation**

<b>Output</b>	<b>Measurement</b>
Total length of Corridor (Km)	0.7 km
Number of lanes created	1x Additional right turn lane into Llanthony Road, 1x Extra lane heading North, 1x Extra lane on the approach to the junction on Sudmeadow Road, 1x Extra lane heading South, 1x Right turn lane into Sudmeadow Road, 1x Right turn lane into Hemmingsdale Road, 1x Right turn lane into Llanthony Business Park.
Number of junctions Improved	St Ann Way/Hempstead Lane Sudmeadow Road/Llanthony Road Hemmingsdale Road/Llanthony Road Llanthony Business Park access/Llanthony Road
Total area of resurfaced roads (sq.m)	4200sqm resurfacing including 2800sqm of full depth construction

## Reporting Requirements

GCC, in its capacity as Project Promoter, will be required to produce and deliver to the LEP Programme Manager a monitoring plan at the end of each financial year for the period of the LGF programme (until March 2021). The report should explain any reduction from the outputs and outcomes in Appendix 2 along with the actions taken to rectify.

Note: *Highways Commissioning* may need to supply additional reports as and when requested by GFirst LEP CIC's Board and/or HM Government.

The project promoter is required to give 6 monthly updates on the construction start and finish dates to the Accountable Body/LEP.

Signed by *Mark Darlow-Joy* on behalf of Gloucestershire County Council's *Highways Commissioning*.



..... 21<sup>st</sup> March 2018

Signed by *Nigel Riglar* on behalf of Gloucestershire County Council's Accountable Body Team



..... 22/3/18.

## APPENDIX 1

### Funding Payment Request Form

**Re: Local Growth Capital Funding Internal Memorandum of Understanding .....2018**

We, Gloucestershire County Council's Highways Commissioning Dept request payment of £XXXXXXX (XXWORDSXX pounds) to be made by Gloucestershire County Council's Accountable Body Team in respect of the Local Growth Capital Funding Instalment payable for the period [XXXXX] to [XXXXX] as detailed in an internal Memorandum of Understanding relating to the *Gloucester South West Bypass* project that was signed by Mark Darlow-Joy and Nigel Riglar on [DATE].

We enclose a copy of the [INSERT NATURE OF DOCUMENTATION] as supporting documentation.

Please credit the above-mentioned Local Growth Capital Funding Instalment to the following GCC Capital Budget:

[X-XXXX-XXXXX]

Note: For funding payment schedule please see table on page 3 of document

## APPENDIX 2

### Project Specification and Budget Plan

#### Project Name: Gloucester South West Bypass (Llanthony Road) Improvements

The £7.3m Gloucester South West Bypass (Llanthony Road) Improvements project consists of a number of highway and junction improvements on the A430 Llanthony Road in Gloucester. The improvements seek to reduce congestion on a key link connecting the A40 to junction 12 of the M5, bypassing the center of Gloucester.

#### Outputs

Output	Measurement
Total length of Corridor (Km)	0.7 km
Number of lanes created	1x Additional right turn lane into Llanthony Road, 1x Extra lane heading North, 1x Extra lane on the approach to the junction on Sudmeadow Road, 1x Extra lane heading South, 1x Right turn lane into Sudmeadow Road, 1x Right turn lane into Hemmingsdale Road, 1x Right turn lane into Llanthony Business Park.
Number of junctions Improved	St Ann Way/Hempstead Lane Sudmeadow Road/Llanthony Road Hemmingsdale Road/Llanthony Road Llanthony Business Park access/Llanthony Road
Total area of resurfaced roads (sq.m)	4200sqm resurfacing including 2800sqm of full depth construction

#### Outcomes

Key outcomes of the project include:

- Improvement in journey time along the Gloucester South West Bypass (GSWB).
- Reduced Accidents along the GSWB.
- Increased traffic capacity for the corridor
- Regeneration of the corridor

**Milestones**

<b>Activity</b>	<b>Target Date</b>
Environmental Appraisal and Consents	March 2018
Planning Consent/Demolition Consent	May 2018
Listed Building Consent	July 2018
*Complete Land Purchase	November 2019
Issue Supplier Engagement Notice for Highways scheme	June 2020
Issue Tender Documents	July 2020
Tenders Return	September 2020
Complete Tender assessment and award	October 2020
Construction Start Highways scheme	November 2020
Construction End Highways scheme	October 2021

\*Prior to the highways scheme there will be separate land clearance and stats diversions contracts. Worse case dates have been quoted in case CPO becomes necessary.

Budget and Project Plan

Project Cost £	spend to date Up to 31.07	Q2 2018/19	Q3 2018/19	Q4 2018/19	Total 2018/19	Total 2019/20	Total 2020/21	Total 2021/22	Total All Years
		01.08 to 30.09	1.10 to 31.12	1.1 to 31.3					
Design and Management	£550,000			£50,000	£600,000	£50,000	£50,000		£700,000
Design and Enviro Appraisal			£100,000		£100,000				£100,000
Land Purchase Tranche 1		£500,000			£500,000				£500,000
Land Purchase Tranche 2			£500,000		£500,000				£500,000
Land Purchase Tranche 3				£350,000	£350,000				£350,000
Land Purchase Tranche 4				£1,000,000	£1,000,000	£1,350,000			£2,350,000
Demolition Contract Prep				£50,000	£50,000	£50,000			£100,000
Stats Diversions						£350,000			£350,000
Procure/Construct							£900,000	£1,200,000	£2,100,000
Contingency							£100,000	£150,000	£250,000
<b>Total Project Cost</b>	<b>£550,000</b>	<b>£500,000</b>	<b>£600,000</b>	<b>£1,450,000</b>	<b>£3,100,000</b>	<b>£1,800,000</b>	<b>£1,050,000</b>	<b>£1,350,000</b>	<b>£7,300,000</b>

Project Funding £									
Local Growth Fund	£550,000	£500,000	£600,000	£350,000	£2,000,000				£2,000,000
GCC				£1,100,000	£1,100,000	£1,800,000	£1,050,000	£1,350,000	£5,300,000
<b>Total Funding</b>	<b>£550,000</b>	<b>£500,000</b>	<b>£600,000</b>	<b>£1,450,000</b>	<b>£3,100,000</b>	<b>£1,800,000</b>	<b>£1,050,000</b>	<b>£1,350,000</b>	<b>£7,300,000</b>