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Dear Eric,

A40 Oxford Science Transit Phase 2

In earlier discussions relating to the A40 Oxford Science Transit Phase 2 scheme, I have referred to the following provision made in Budget 2020 for the Local Growth Fund (LGF) in 2021/22.

Local Growth Fund – Decisions on the future of the Local Growth Fund will be made at the CSR. In advance of this, the Budget confirms up to £387 million in 2021-22 to provide certainty for local areas that they will be able to continue with existing priority Local Growth Fund projects that require funding beyond this year.

(Budget Report section 2.19)

I am writing to clarify what this means for the funding provisionally approved for A40 Oxford Science Transit Phase 2.

£137m of the £387m Budget provision has been earmarked to afford flexibility in the profiling of DfT funding for LGF retained schemes and this includes A40 Oxford Science Transit Phase 2 based on your most recent annual spend forecasts (Quarter 4 2019/20). It is not additional money but does allow the Department to extend funding into 2021/22.

The nature of the retained transport schemes means that once a contract has been signed for the scheme, the 'need' for funding is established and DfT is able to pay the full amount of the retained grant on the grounds that once a contractual commitment is in place the schemes must be delivered in full. This reflects the single project nature of each scheme.

On that basis, for A40 Oxford Science Transit Phase 2, this flexibility will be available once the following two conditions have been met:

- Ministers have announced a positive funding decision on the final business case; and
- You confirm that you have entered into contract(s) to deliver the whole of the scheme.

This approach is different to the wider, unretained LGF programme which supports hundreds of different projects which vary greatly in scope and time. MHCLG is currently undertaking a review of the LGF programme to understand the contractual status of projects, what the risk of slippage is, and to work with places individually on the best way of managing that. The review will also help inform decisions on the £250m announced at budget. The review will ensure delivery is ongoing and that the wider programme is managed robustly. This ensures that funding for projects which fail to deliver can be spent on other projects within the programme, to deliver the greatest benefits for that place.

Yours sincerely,



Robert S Fox