

November 2008

Ms M Ney
Chief Executive Officer
London Borough of Greenwich
Town Hall
Wellington Street
Woolwich
London SE18 6PW

Our Ref: CIF -2- WR- 001
Your Ref:

Dear Ms Ney,

**FUNDING AGREEMENT FOR GROWTH FUND, COMMUNITY
INFRASTRUCTURE FUND 2 CAPITAL GRANT:
REFURBISHMENT OF GREENWICH AND WOOLWICH FOOT TUNNELS**

Introduction and interpretation

1. Further to your full bid of 6 May 2008 for funding for the above project. I am pleased to tell you that the Secretary of State has decided to offer grant for the project on the terms set out below.
2. If you accept the offer, this letter will constitute a funding agreement for the period from the date of your acceptance until 31st March 2011.
3. In this letter, except where the context requires otherwise:

"the Department" means the Department for Communities and Local Government;

"the Secretary of State" means the Secretary of State for Communities and Local Government;

"the funding period" is the period specified in paragraph 2;

"the grant recipient" means the London borough of Greenwich, which, having accepted the offer of grant, is responsible for receiving, expending and accounting for all amounts paid under the funding agreement;

"the project" is the project as set out in the Project Summary attached at Annex B to this funding agreement;

[REDACTED]

"the programme management system" means the Department's programme management system ARTEMIS;

"you" (or "your") means the grant recipient(s); and

"we" (or "us") means the Department.

Grant offer

4. The Secretary of State offers to pay grant during the funding period to you as a contribution towards eligible expenditure on the project, subject to your making satisfactory progress with the implementation of the project and, in particular, with delivery or achievement of the objectives, activities and milestones set out in the bid, and complying with the terms and conditions set out in this letter.
5. Grant is paid in exercise of the power conferred on the Secretary of State by section 126 of the Housing Grants, Construction and Regeneration Act 1996. As required by sections 126(1) and 128(1) of that Act, the Treasury has consented to the giving of such financial assistance on the terms set out in this offer of grant.

Purpose of the grant

6. The purpose of the grant is to comprehensively refurbish the Greenwich and Woolwich Foot Tunnels. The structures will be checked for corrosion. The lifts, pumps and lighting systems will be replaced and the lifts are to be made operable by the public and available 24 hours a day.

Amount of grant

7. (a) The maximum amount of grant is specified at Table 1 Annex A. Where the funding period spans more than one financial year, grant will be payable subject to the maximum amount for each Financial Year specified at Annex A.
- (b) If project costs escalate so that the maximum amount of grant available in a given financial year will not reimburse them, you must find from another source the balance required to bring the project to a successful conclusion. The Secretary of State makes no commitment to increase the level of grant offered in this letter or to make any unclaimed funding available in subsequent years. Funding in financial years after current financial year is subject to the availability of resources from Parliament.

[REDACTED]

Eligible expenditure

8. Subject to paragraphs 9 to 11 inclusive, below, eligible expenditure (which is net of VAT recoverable by you from HM Revenue & Customs, and gross of irrecoverable VAT) consists of:
 - (a) payments made by you during the funding period for the purposes of the project; and
 - (b) essential costs, up to a pre-agreed limit, incurred for the purposes of the project prior to your acceptance of the detailed terms of this offer, but after we have confirmed your funding allocation in writing
9. For the purpose of defining the time of payments, a payment is made by you when, and only when, money passes out of your control. Money will be assumed to have passed out of your control at the moment when legal tender is passed to a supplier (or, for wages, to an employee), when a letter is posted to a supplier or employee containing a cheque, or an electronic instruction is sent to a bank to make a payment to a supplier or employee by direct credit or bank transfer.
10. You must not deliberately incur liabilities for eligible expenditure before there is an operational need for you to do so.
11. No grant will be paid for any of the following purposes or items of expenditure:
 - (a) activities of a political or exclusively religious nature;
 - (b) goods or services that the grant recipient has a statutory duty to provide
 - (c) payments reimbursed or to be reimbursed by other public or private sector grants (including European [Community/Union] funds
 - (d) contributions in kind;
 - (e) depreciation, amortisation or impairment of fixed assets owned by the grant recipient;
 - (f) input VAT recoverable by the grant recipient from HM Revenue & Customs;
 - (g) liabilities incurred before the issue of this funding agreement, other than those referred to in paragraph 8(b);
 - (h) payments made in advance of need;
 - (i) interest payments (including service charge payments for finance leases);
 - (j) bad debts to a party related to officers, members and employees of the accountable body (see accounting standard FRS8 for the definition of a "party related");

- (k) statutory fines, criminal fines or penalties;
- (l) gifts, other than promotional items with a value no more than £10 a year to any one person;
- (m) entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations)

Payment arrangements

12. The grant recipient may claim full reimbursement of eligible expenditure in accordance with the Project Plan at Annex B, up to the maximum grant payable (Table 1, Annex A). If the Project is divided into stages, grant may be claimed on a (monthly) basis up to the maximum grant payable for each stage. The grant recipient must submit grant claims in areas of eligible expenditure within 15 days of submitting an electronic update in accordance with paragraph. The grant recipient must submit a grant claim in arrears of eligible expenditure within 30 days of completion of the Project or final project stage as per the Project Plan at Annex B.

13. Grant claims must be made on the standard form provided by the Department as part of the electronic update and must be certified by the grant recipient's chief finance officer (or equivalent) or by another person appointed for this purpose by the grant recipient with the approval of the Department. Claims must be sent to the grant recipient's principal contact in the Department, who is named at the end of this agreement. Incomplete or incorrect claims will be returned unpaid. Late claims may not be paid.

14. Progress will be assessed against the milestones set out in the Project Plan in Annex B and any delay in achieving a milestone will affect the timing of grant payments. No amount will be paid under this funding agreement for any period starting on or after the end of the last financial year within the funding period

Payments profile

15. The table set out in Annex B sets out key milestones. Progress will be assessed against the milestones set out in the Project Plan in Annex B and any delay in achieving a milestone will affect the timing of grant payments. The Secretary of State can make no commitment to make any unclaimed funding within a financial year available in subsequent years.

Grant conditions

16. As a condition of grant under the funding agreement, no grant will be payable until you have provided written confirmation to the Department that you have complied with the provisions of the Race Relations Act 1976 and the Race Relations (Amendment) Act 2000 including confirmation that:

- (i) you have published a Race Equality Strategy in accordance with its statutory duties under the Race Relations (Amendment) Act 2000;
- (ii) you have considered the necessity for, and where appropriate, undertaken a Race Impact Assessment ("RIA") on the project.

Where you have already provided confirmation that you have published a Race Equality Strategy in accordance with (i) above in relation to another project approved by the Department for funding, the condition precedent in (i) does not apply.

17. Similarly, as a condition of the funding agreement, no grant will be payable until you have provided written confirmation to the Department that you have published, a Gender Equality Scheme, in accordance with the duty on public authorities set out in the Sex Discrimination Act 1975 and the Sex Discrimination Act 1975 (Public Authorities) (Statutory Duties) Order 2006.

Statement of Grant Usage

18. You must prepare a Statement of Grant Usage for the period 2008/09 to be submitted to the Department on or before 10 June 2009. The Statement of Grant Usage must be in a form agreed between us and must provide details of eligible expenditure in the period. An example of our preferred form is attached. The Statement of Grant Usage must be certified by your Chief Executive or Chief Finance Officer that, to the best of his or her knowledge, the amounts shown on the Statement are all eligible expenditure and that the grant has been used for the purposes intended.

19. The Statement of Grant Usage submitted to the Department must be accompanied by a report from the grant recipient's chief executive or chief finance officer setting out whether he or she has received an audit opinion from the authority's chief internal auditor that he or she can provide reasonable assurance that the Statement of Grant Usage, in all material respects, fairly presents the eligible expenditure in the period 2008/09 in accordance with the definitions and conditions in this funding agreement.

20. The grant recipient must inform the Department promptly of any significant financial control issues raised by its internal auditors.

21. If the Statement of Grant Usage identifies any overpayment of grant, the grant recipient must repay this amount within 30 days of being asked by the Department.

22. The Secretary of State may at any time require a further external validation to be carried out by an appropriately qualified independent accountant or auditor, on the use of the grant.

Monitoring progress

23. The grant recipient must agree in advance with the Department any significant changes to the Project or to any of the outputs, activities, milestones or targets for the Project. Approval of any change to the Project shall not be taken to imply any intention to pay grant additional to the maximum grant payable as described in **Annex A** of this funding agreement.

24. By the 21st of every calendar month (including the last month during which the funding period ends), the grant recipient must submit an electronic update to the Department using the programme management system.

Financial controls

25. The grant recipient must:

- (a) maintain and operate effectively all relevant monitoring and financial management systems for the project, in order to control expenditure and ensure that the costs of implementing the project are properly incurred and can be clearly identified;
- (b) ensure that the project architect or other consultants appointed for the project competently perform all services relating to the monitoring, control and certification of works and expenditure;
- (c) keep a record of all expenditure funded wholly or partly by grant, and retain all accounting records relating to that expenditure for a period of at least six years after the end of the funding period. Accounting records include accounts, deeds, writings and documents on paper or in electronic form. The grant recipient must make these available if requested to do so for inspection by officials from the Department or the Government Office or their representatives, or by the Comptroller and Auditor General or his representatives.

Value for money and procurement requirements

26. The grant recipient must secure best value for money in all transactions for the procurement or purchase of works, goods and services for the purposes of the project. The grant recipient must obtain quotes for the execution or supply of all works, goods and services with a cost of £500 or more; and where the cost is £5,000 or more, it must, if practicable, obtain at least 3 written tenders. If required to do so by the Department, the grant recipient must produce documentary evidence of compliance with this condition.

27. If the grant recipient follows a single tender procedure, for example, where the value of a contract is below £5,000 or there is only one provider capable of executing or supplying the works, goods or services concerned, it must keep a record of the reasons why that procedure was considered to be appropriate.

28. If applicable, the grant recipient must take all reasonable steps to ensure that it does not incur eligible expenditure without having complied with the requirements of the EC Procurement Directives. In relation to the supply of goods and services, these requirements are implemented by the Public Contracts Regulations 2006 (2006/5), and are subject to thresholds specified by reference to the value of the transaction. These Regulations specify the procedures to be followed in relation to the award of public works contracts, public supply contracts and public services contracts by public bodies (called Contracting Authorities, as defined in the Regulations), and remedies for breaches of the Regulations. Although the Regulations apply primarily to public sector bodies, they may also apply to the procurement of goods and services by a private person where more than 50 per cent of the consideration is contributed by a public sector body.

29. In accepting this offer of grant, the grant recipient warrants that these procedures and requirements, whichever may be appropriate, have been followed in awarding all contracts already entered into for the project.

Income and other contributions

30. In determining the amount of grant she is prepared to offer for the project, the Secretary of State has taken account of such estimates of income, contributions and other grants towards the costs of the project as set out in the project documentation. If at any time during or after the funding period the project generates any income or there are any contributions or grants in excess of these amounts, the grant recipient must notify the Government Office and the Department as soon as possible and state the amounts received or to be received.

31. The Department may allow the grant recipient to retain the amount notified for use for an approved purpose. Otherwise, the grant recipient must pay the amount notified (or such part of it as is necessary for the repayment of all grant received under the funding agreement) to the Secretary of State. If all grant is repaid under these circumstances, the funding agreement will be discharged upon repayment.

Fixed Assets

32. The grant recipient must keep a register of fixed assets, including all land and buildings, acquired or improved, at a cost exceeding £5,000, wholly or partly using financial assistance provided under this funding agreement.

33. For each fixed asset in the register the following particulars must be shown where appropriate:

- (a) date of acquisition or improvement;

- (b) description of the asset;
- (c) cost, net of recoverable VAT;
- (d) location of the asset;
- (e) serial or identification numbers;
- (f) location of the title deeds (where appropriate);
- (g) date of any disposal;
- (h) proceeds of any disposal net of VAT; and
- (i) the identity of any person to whom the fixed asset has been transferred or sold.

34. If fixed assets are sold or their ownership transferred while they have any economic value, the grant recipient must notify the Department as soon as possible. The Department may either require the grant recipient to repay the proceeds or an appropriate part of them or require that the proceeds are reinvested within the Growth location, as agreed with both the Department and the Government Office. Where repayment is required, the grant recipient must repay the amount to the Department within 30 days of being asked to do so.

35. The grant recipient must not allow a third party to take a charge on any fixed asset funded wholly or partly by funds provided under this grant, without written permission from the Department.

Conflicts of interest and financial or other irregularities

36. Officers, members and employees of the grant recipient and any other persons consulted about the project must be careful to avoid conflicts of interest. The grant recipient must set up formal procedures to require all such persons to declare any personal or financial interest in any matter concerning the project and to be excluded from any discussion or decision-making relating to the matter concerned.

37. If the grant recipient has any grounds for suspecting financial irregularity in the use of grant, you must notify the Government Office and the Department immediately, explain what steps are being taken to investigate the suspicion, and keep the Government Office and the Department informed about the progress of the investigation. For these purposes "financial irregularity" includes fraud or other impropriety, mismanagement, and the use of grant for purposes other than those for which it has been provided.

Risk of flooding

38. The grant recipient must ensure that:

- (a) the project has been designed having regard to Planning Policy Statement 25¹ issued by the Department; and
- (b) an assessment of flood risk and the run off implications of the project proposals appropriate to the scale and nature of the project works and the risks involved has been undertaken².

¹PPS 25: Development and Flood Risk, December 2006

39. The grant recipient must:

- (a) ensure that the project is implemented and maintained in compliance with Planning Policy Statement 25; and
- (b) consult the Environment Agency immediately on any potential risk of flooding to the project, or on any impact that the project may have on the risk of flooding.

Land Contamination

40. The grant recipient must ensure that:

- (a) the project takes account of advice in Planning Policy Statement 23 issued by the Department³; and
- (b) the potential for contamination and any risks arising are properly assessed and that the development incorporates any necessary remediation and subsequent management measures to deal with those risks.

Other grant conditions

41. The grant recipient must:

- (a) use all grant paid under this funding agreement for the purposes of the project;
- (b) make documents relating to the project available on request and provide access to such documents at any time as required for inspection and scrutiny by the Government Office, the Department or anyone acting on our behalf;
- (c) ensure that there is obtained all necessary permission and authority (whether required by legislation or otherwise) to undertake the project and all works and activities connected with the project; and
- (d) take all reasonable steps to ensure that you and anyone acting on your behalf in connection with the project complies with the law for the time being in force in the United Kingdom, including, in particular (so far as binding on the grant recipient), the requirements of the Health and Safety at Work Act 1974, Data Protection Act 1998, the Human Rights Act 1998, the Sex Discrimination Act 1975, the Race Relations Act 1976, the Race

² Guidance on the content of flood risk assessments is contained in Appendix E of Planning Policy Statement 25

³ PPS23: *Planning and Pollution Control - Annex 2 (Development on Land Affected by Contamination)*, November 2004.

Breach of conditions and withholding or recovering grant

42. If the grant recipient fails to comply with any of the terms and conditions of grant set out in this funding agreement, or if any of the events mentioned in paragraph 0 occurs, the Secretary of State may reduce, suspend, or withhold grant, or require all or any part of the grant to be repaid. The grant recipient will repay any amount required to be repaid under this condition within 30 days of receiving the demand for repayment.

43. The events referred to in paragraph 42 are as follows:

- (a) the grant recipient is failing or has failed to make satisfactory progress in implementing the project;
- (b) the grant recipient owes any sum to the Department under an offer of grant for any other project or activities under any scheme or programme administered by the Department for regeneration or development; the grant recipient purports to transfer or assign any rights, interests or obligations arising under this funding agreement without the agreement in advance of the Department;
- (c) any information provided in the application for funding or in a claim for payment or in any subsequent supporting correspondence is found to be incorrect or incomplete to an extent which the Department considers to be material;
- (d) the grant recipient takes inadequate measures to investigate and resolve any reported irregularity;
- (e) whether through delay, poor project management or otherwise, the costs of the project are escalating or seem likely to escalate to an extent that, in the opinion of the Secretary of State, is unacceptable;
- (f) the grant recipient persistently fails to submit grant claims on time;
- (g) it appears to the Government Office and the Department that other circumstances have arisen or events have occurred which are likely to affect the grant recipient's ability to complete the project in a satisfactory manner;
- (h) the grant recipient makes any significant change to the project without the approval of the Department or, where an unapproved change can be

⁴ The Commission for Racial Equality and the Equal Opportunities Commission have issued Codes of Practice giving guidance on the law relating to equal opportunities and on good practices in employment.

48. The Department may share any information, know-how, system or process learned from the project with any person or body that has responsibility for a similar scheme, and is within the public sector or is to be given support from public funds. The grant recipient agrees that such a person or body may share and use freely all such information, know-how, system or process for their own purposes.

Acceptance of grant offer

49. If you wish to accept this offer of funding of Community Infrastructure II Grant, would you please sign both copies of this funding agreement letter in the space indicated below and return one of the copies to this office, with a photocopy forwarded to the Thames Gateway Executive

Signature: Henry Cleary

Name: HENRY CLEARY

Position: **Principal contact in DCLG**

(authorised to sign on behalf of the Secretary of State)

Date: 20 November 2008

London Borough of Greenwich accepts the offer of grant contained in this funding agreement and agrees to comply with the terms and conditions of grant on which the offer is made.

Signature: [Signature]

Name: (BLOCK CAPITALS) J.P. Conbed

Position: DIRECTOR; principal contact authorised to sign on behalf of the grant recipient)

Date: 21/11/08

PRINCIPAL CONTACTS

The principal contact in the Department for Communities and Local Government is [redacted] and the principal contact in the Thames Gateway Executive Office is [redacted]

The principal contact for the grant recipient is:

Name

Telephone

Email

reversed, fails to reverse it if asked by the Government Office or the Department to do so;

- (i) in support of the application for grant funding or in a claim for payment or other communication concerning this funding agreement, the grant recipient or anyone on its behalf has provided, or provides, information that is in any material respect incorrect, incomplete or otherwise misleading;
- (j) the grant recipient takes inadequate measures to investigate and resolve any reported irregularity;
- (k) an overpayment is made under this funding agreement or any amount is paid in error; and
- (l) it appears to the Department that the grant recipient no longer requires grant assistance for the project.

44. Where the Department has required the grant recipient to repay any amount, the Department may recover that amount by withholding, or deducting the amount from, any sum due to the grant recipient from the Department under an offer of grant for any other project or activities under any scheme or programme administered by the Department.

45. It is hoped that most difficulties encountered by the grant recipient can be overcome with the advice and support of the Department. In the event that it becomes necessary to take steps to enforce the terms and conditions of this funding agreement, the Department will write to the chief executive (or equivalent) of the grant recipient giving particulars of its concerns about the project or of any breach of a term or condition of the grant.

46. Within a reasonable time, depending on the severity of the problem and in any event not later than 30 days, the grant recipient must take steps to address the Department's concern or rectify the breach. The grant recipient may consult the Department or agree with them an action plan for resolving the problem. If the Department is not satisfied with steps taken to address its concern or rectify the breach, or if the breach cannot be rectified, it may take steps to reduce, suspend or withhold grant payments, or to recover grant already paid.

Publicity, copyright and sharing good practice

47. The grant recipient must give appropriate publicity to the support received for the project from the Growth Fund grant. In acknowledging the Department's contribution, the grant recipient must comply with any guidance on publicity provided by the Department, and must, in particular, acknowledge that the project has been grant aided by the Department. All publicity material should normally include the logo of the Department for Communities and Local Government unless requested otherwise.

Email

Attachments:

Annex A – Maximum Grant Payable and Expenditure Profile

Annex B – Project Plan and Summary

Annex C – Statement of Grant Usage

Annex D – Guidance for reporting accountants (on request)

Annex A

Maximum Grant Payable and Expenditure Profile

Type of Expenditure	Maximum grant payable 2008/09	Maximum grant payable 2009/10	Maximum grant payable 2010/11	Total
Capital	£576,000	£5,767,000	£5,190,000	£11,533,000
Total (Maximum Grant Payable)	£576,000	£5,767,000	£5,190,000	£11,533,000

Annex B

Project Plan and Summary

The project will provide for the renovation of the 391 metre Greenwich Tunnel and 504 metre Woolwich Tunnel. The work will include replacement of the lifts with ones which do not need an attendant, so can operate 24 hours day; replacement of the pumps and lighting systems, structural steelwork repairs and replacement as necessary and new CCTV. Tiles cleaned and renovated as required.

Outputs 0.9km Upgraded cycle routes
 0.9km Upgraded pedestrian

Milestone Name	Date
Project Start Date	01/12/08
Planning permission Granted	01/11/09
Start on Site	01/07/10
Completion Date	01/03//101

ANNEX C --STATEMENT OF GRANT USAGE

COMMUNITY INFRASTRUCTURE FUND 2 PROGRAMME 2008-09
STATEMENT OF GRANT USAGE

Name of grant recipient

Name of work programme.....

(only required if DCLG is supporting more than one project from your organisation)

Eligible expenditure

Please complete this table, on a cash paid basis, net of all recoverable VAT, to the nearest £1. Ignore any contributions in kind.

	Amounts forecast in the grant application	Actual amounts
Payments to acquire or improve fixed assets		
Payments for other costs		
Total		

To the Accounting Officer for the Department for Communities and Local Government

I certify that to the best of my knowledge and belief the above table is a complete and accurate record of the eligible expenditure in the year 1 April 2008 to 31 March 2009, as defined in the funding agreement between the grant recipient and the Secretary of State dated.

Signed by the chief finance officer or equivalent

Signature

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Name (BLOCK CAPITALS)

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Date

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Please return this form, and any required report from an independent accountant to the nominated contact in the Department for Communities and Local Government, named at the end of the funding agreement.