

A303 Amesbury to Berwick Down

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The Infrastructure Planning (Applications: Prescribed Forms and Procedures) Regulations 2009

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Infrastructure Planning

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(Applications: Prescribed Forms and
Procedure) Regulations 2009**

A303 Amesbury to Berwick Down

Development Consent Order 2019

Funding Statement

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1 Introduction

1.1 Purpose of document

- 1.1.1 This Funding Statement ("this Statement") relates to an application made by Highways England ("the Applicant") to the Planning Inspectorate under the Planning Act 2008 ("PA 2008") for a Development Consent Order ("DCO"). If made, the DCO would grant consent for the Applicant to undertake the A303 Amesbury to Berwick Down scheme ("the Scheme").
- 1.1.2 The purpose of this document is to demonstrate that the Scheme will be adequately funded and therefore that funding is no impediment to the delivery of the scheme or the payment of compensation to persons affected by compulsory acquisition, temporary possession, or a blight claim.
- 1.1.3 This Statement has been prepared and submitted in compliance with Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 (the "2009 Regulations") and in accordance with the Department for Communities and Local Government guidance 'Planning Act 2008: Guidance related to procedures for compulsory acquisition' (September 2013).
- 1.1.4 This Statement is required due to the fact that the DCO would authorise the compulsory acquisition of land, interests in land or rights over land. This leads to the requirement under Regulation 5(2)(h) for a statement indicating how the implementation of these powers in the DCO would be funded.
- 1.1.5 As this Statement is part of the application documents it should be read alongside, and is informed by, the other application documents; in particular, the Statement of Reasons [APP-023], which is also included in the application to comply with the requirements of Regulation 5(2)(h).
- 1.1.6 The Applicant submitted an Addendum to the Funding Statement (Additional Submission 6) in response to the Section 51 advice issued by PINS on 20 November 2018. This Statement is an updated version of the Funding Statement submitted as part of the DCO application, as requested by Written Question CA.1.15, and supersedes both the original Funding Statement and the Addendum.
- 1.1.7 A detailed description of the Scheme can be found in 'The Case for the Scheme and NPS Accordance' [APP-294].

2 Capital Expenditure

2.1 Capital Cost

- 2.1.1 The main Scheme has a capital cost estimate of £1.7 billion including allowances for risk and inflation. This estimate has been prepared in accordance with Highways England's procedures and HM Treasury's Green Book (Ref 2-1) and includes all costs to deliver the Scheme through to the end of construction and close out.
- 2.1.2 The budget has been approved by the Department for Transport Ministers.
- 2.1.3 It includes an allowance for compensation payments relating to the compulsory acquisition of land interests in, and rights over, land and the temporary possession and use of land. It also takes into account potential claims under Part 1 of the Land Compensation Act 1973, Section 10 of the Compulsory Purchase Act 1965 and Section 152(3) of the 2008 Act.
- 2.1.4 The estimates for compensation payments have been informed by land referencing activities, engagement of professional surveyors, and information received from consultation and engagement with parties having an interest in the land.
- 2.1.5 In addition to the cost of obtaining land, Highways England has also estimated the other direct costs associated with developing and implementing the Scheme, including the cost of obtaining consents, and procuring the Scheme, including the likely spend on obtaining specialist technical, legal and commercial advice.
- 2.1.6 The design, construction and maintenance costs for the Scheme have been validated and verified by benchmarking to other analogous projects, and through consulting with relevant global contractors, designers and cost consultants with noted experience of similar schemes, in particular the tunnelling market. Mechanical engineers, specialist tunnelling engineers and suppliers of materials, plant and labour were also consulted.
- 2.1.7 In combination with the approved budget, the cost estimates provide sufficient cost certainty to enable the Applicant to confirm the viability of the Scheme.

3 Source of funding

- 3.1.1 Highways England is a Government owned and funded company and is responsible for operating, maintaining and improving the strategic road network in England. These responsibilities include the acquisition, management and disposal of land and property in relation to strategic road network improvement projects, together with the payment of compensation related to these activities. Highways England is responsible for delivering the major projects in the Road Investment Strategy (RIS).
- 3.1.2 The Scheme is being developed as part of a long-term commitment to improvements to the A303 / A358 corridor. Two other schemes are currently being developed, A358 Taunton to Southfields Dualling and A303 Sparkford to Ilchester Dualling. Each scheme has an independent funding stream and they are not dependent on each other.
- 3.1.3 Funding of the Scheme will come via Government funding of Highways England, as a Government owned company, responsible for delivering the major projects in the RIS.
- 3.1.4 The funding commitment for the Scheme was initially made by Government in June 2013, whilst Highways England's predecessor body, the Highways Agency, was responsible for operating, maintaining and improving England's strategic road network. This commitment was made in the policy document "Investing in Britain's Future" (Ref 3-1).
- 3.1.5 The Government subsequently published the RIS on 1 December 2014. The RIS is underpinned by the Infrastructure Act 2015 and the creation of Highways England on 1 April 2015. It provides certainty of Government funding with over £15 billion ring-fenced to be invested in major roads between 2015/2016 and 2020/2021. The Scheme was announced in the RIS as a committed and therefore funded scheme.
- 3.1.6 Moreover, Government's commitment to the A303 Corridor went beyond the first five year (2015-2020) Road Period:
- Full implementation of these proposals will run beyond the first Road Period, and we intend that subsequent Road Investment Strategies will fund the remaining improvements.* (Road Investment Strategy, page 17 para 9)
- 3.1.7 The funding commitment was reiterated in the Highways England Delivery Plan 2015- 2020 (March 2015) (Ref 4-1) and each subsequent delivery plan, the most recent of which was the 2018/19 Delivery Plan Update published in July 2018 (Ref 4-2).
- 3.1.8 Relevant extracts from these documents are included in Appendix A.
- 3.1.9 The Scheme was originally proposed to be funded by private finance using a Private Finance 2 ("PF2") structure. The Government's 2018 Budget Statement ("the Budget Statement") announced that the Government would no longer use PF2.¹ Paragraph 5 of that Budget Statement stated that:

¹ https://assets.publishing.service.gov.uk/government/uploads/system/.../PF2_web.pdf

“PF2 was previously considered for the A303 and Lower Thames Crossing projects. The government is still committed to pursuing these projects, subject to scrutiny of the relevant business cases which are still in development. The model of financing of these schemes is not the deciding factor in whether they are taken forward”.

- 3.1.10 Following the Budget Statement, the Applicant issued a statement regarding the Scheme (and the Lower Thames Crossing mentioned in paragraph 3.1.9) and an extract of this statement is provided below:

“Highways England continues to work closely with Government to progress the projects at pace, the Government has made it very clear they remain committed to progressing these schemes...”

- 3.1.11 The Government and Highways England commitments as set out above demonstrate that the Scheme will be fully funded by the Department for Transport. Funds would therefore also be available to implement the Scheme.

4 Blight

- 4.1.1 The term 'blight' refers to the reduction of economic activity or property values in a particular area resulting from possible future development, or restriction of development. Blight notices may be served on the Applicant by those with a qualifying interest in affected land.
- 4.1.2 To date no blight notices have been served in respect of the scheme.
- 4.1.3 Should any future claims for blight arise as a consequence of the proposed compulsory acquisition of land, or rights in land, affected by the Scheme, the costs of meeting any valid claim will be met by Highways England.

5 References

- Ref 1-1 Road Investment Strategy: for the 2015/16 – 2019/20 Road Period, Department for Transport, March 2015
- Ref 2-1 The Green Book; Central Government Guidance on Appraisal and Evaluation, HM Treasury, 2018
- Ref 3-1 Investing in Britain's future, HM Treasury, June 2013
- Ref 4-1 Delivery Plan 2015-2020, Highways England, 2015
- Ref 4-2 Delivery Plan 2018-2019, Highways England, July 2018

APPENDIX A: Extracts from Government and Highways England Policy Commitments to the Scheme

Road Investment Strategy (Ref 1-1)

[RIS] commitments... include ... Transforming connectivity to and from the South West by dualling the entire A303 from the M3 to the M5 at Taunton, and building a tunnel as the road passes Stonehenge (Part 1, p55)

[The country] needs ... dependable roads. Many parts of the country are linked by A-roads that are mostly high-quality, but are dominated by one or two bottlenecks. Consistency of performance is required – and to achieve this we will create a series of ... consistently good roads ... The South West will lead the country in adopting this approach. £2 billion of investment in the A303 will create a new ... corridor into the region. (Part 2, p7)

The A303/A30/A358 corridor is a vital connection between the South West and London and the South East. While the majority of the road has been dualled, there are still over 35 miles of single carriageway. These sections act as bottlenecks for users of the route resulting in congestion, particularly in the summer months and at weekends, delays to traffic travelling between the M3 and the South West and an increased risk of accidents. The A303 passes through the Stonehenge World Heritage Site, separating the iconic stones from other Scheduled Monuments and severely limiting the enjoyment of the wider site. (Part 2, p17)

We recognise the damage that the existing road does to the setting of numerous Scheduled Monuments and Stonehenge itself, and so we intend to construct a tunnel at least 1.8 miles long to take traffic away from the surface, reuniting the landscape of the World Heritage Site. (Part 2, p17)

We intend to upgrade all remaining sections of the A303 between the M3 and the A358 to dual carriageway standard, together with creating a dual carriageway link from M5 at Taunton to the A303...(Part 2, p17)

Full implementation of these proposals will run beyond the first Road Period, and we intend that subsequent Road Investment Strategies will fund the remaining improvements. (Part 2, p17)

The Scheme was specifically committed to as part of the corridor improvements:

A303 Amesbury to Berwick Down dualling – construction of a twin-bored tunnel at least 1.8 miles long as the road passes Stonehenge and a bypass for Winterbourne Stoke to link the existing dual carriageway section around Amesbury with the dual carriageway at Berwick Down. (Part 2, p17)

Investing in Britain's Future (Ref 3-1)

The Government will:

- *commit to the biggest programme of investment in roads since the 1970s. The Government will treble annual investment in major road schemes by 2020-21, compared to today's levels, by:*
 - *identifying and funding solutions to tackle some of the most notorious and longstanding road hot spots in the country, including feasibility studies to look at problems on the A303 to the South West, (p6, section 1.8)*

Highways England's Delivery Plan 2015 – 2020 (Ref 4-1)

The Delivery Plan states that Highways England will take forward and develop solutions to a number of issues, including the A303 / A30 / A358 corridor. This will involve 'creating up to 35 miles of dual carriageway between Amesbury in Wiltshire and Honiton in Devon which will improve the connectivity, journey time reliability and road safety.'

Highways England's Delivery Plan 2018 – 2019 (Ref 4-2)

A further significant scheme for which the Secretary of State for Transport has announced the preferred route is the A303 Stonehenge upgrade⁵. Totalling £1.6 billion, this includes the construction of a tunnel under one of the world's most famous prehistoric monuments, a free-flowing dual carriageway and a much-needed bypass north of Winterbourne Stoke. (p9)

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