

**M42 Junction 6 Improvement
Scheme Number TR010027
Volume 4
4.2 Funding Statement**

APFP Regulation 5(2)(h)

Planning Act 2008

Infrastructure Planning (Applications: Prescribed
Forms and Procedure) Regulations 2009

January 2019

Infrastructure Planning

Planning Act 2008

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

M42 Junction 6 Improvement
Development Consent Order 202[]

Funding Statement

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- A. Extract from government and Highways England Policy Commitments to the scheme**

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 (the "2008 Act") for a Development Consent Order ("DCO"). If made, the DCO would grant consent for the Applicant to undertake the M42 Junction 6 Improvement (the "Scheme").
- 1.1.2 The purpose of this document is to demonstrate that the Scheme will be adequately funded through the Road Investment Strategy (RIS), using the change control processes set out in Part 6 of the Highways England Licence (REF 1-1) if required, 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 [TR010027/APP/4.1], which is also included in the application to comply with the requirements of Regulation 5(2)(h).
- 1.1.6 A detailed description of the Scheme can be found in Chapter 3 The project of the Environmental Statement [TR010027/APP/6.1].

2 Capital Expenditure

2.1 Capital cost

- 2.1.1 The Scheme has a most-likely estimate of £282.3 million including allowances for risk and inflation. This estimate includes all costs to deliver the Scheme from Options Stages through to the opening for traffic. 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 s152(3) of the 2008 Act.
- 2.1.2 The estimates for these items 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.
- 2.1.3 Highways England has been, and will continue to be, responsible for all preparation costs associated with the Scheme. These may include items such as design costs, legal costs, land acquisition costs, advance payments to statutory undertakers and surveying costs.
- 2.1.4 The estimate has been prepared in accordance with Highways England procedures and, in combination with the approved budget, provides sufficient cost certainty to enable the Applicant to confirm the viability of the Scheme.

3 Sources of Funding

- 3.1.1 Highways England is a government owned 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 RIS.
- 3.1.2 Following the publication of the Autumn Statement 2014, in which the scheme is first identified. The Government published the RIS on 1 December 2014, which is underpinned by legislation following the Infrastructure Bill receiving Royal Assent on 12 February 2015 and the creation of Highways England on 1 April 2015. The RIS provides certainty of Government funding with over £15 billion to be invested in major roads between 2015/16 and 2020/21. The Scheme was announced in the RIS as a committed and therefore funded scheme (REF 2-1).
- 3.1.3 The scheme is being developed to upgrade the M42 Junction 6 near Birmingham Airport, allowing better movement of traffic on and off the A45, supporting access to the airport and preparing capacity for the new HS2 station facilitating growth in the area. The scheme is currently public funded.
- 3.1.4 The funding commitment was reiterated in the Highways England Delivery Plan 2015 – 2020 (REF 3-1) which was published in March 2015 and subsequent delivery plans (REF 4-1); the most recent of which was the 2018/19 delivery plan update which was published in July 2018.
- 3.1.5 The Government and Highways England commitments set out above demonstrate that the Scheme will be fully funded by the Department for Transport and consequently the Scheme is not dependant on funding contributions from other parties.
- 3.1.6 Relevant extracts from these documents are included in Appendix A.

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 one blight notice has been served which has been deemed a valid claim and is due to be paid. The cost of meeting these claims can be met by Highways England.
- 4.1.3 The estimated Capital Cost, as detailed in paragraph 2.1.1 above, includes an estimation of £18 million (excluding allowances for risk and inflation) to be made available for Compulsory Acquisition/compensation for the Scheme.
- 4.1.4 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	Highways England: License, Department for Transport, April 2015. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/431389/strategic-highways-licence.pdf
REF 2-1	Road Investment Strategy for the 2015/16 – 2019/20 period, Department for Transport, March 2015
REF 3-1	Delivery Plan 2015-2020, Highways England, March 2015
REF 4-1	Delivery plan updates: a. Delivery plan 2016 to 2017, Highways England, July 2016 b. Delivery plan 2017 to 2018, Highways England, August 2017 c. Supplementary Annex 2017-2018, Highways England, October 2017 d. Delivery plan Updated 2018 to 2019, Highways England, July 2018.

Appendix

Appendix A - Extract from government and Highways England Policy Commitments to the scheme

The Road Investment Strategy (REF 2-1).

Wider Transport Developments, HS2 “With work set to start in 2017 and the first trains between London and Birmingham planned for 2026, HS2 is fast becoming a reality. To drive maximum benefits, it is important that we give full and early consideration to how the SRN can dovetail with, and support, HS2. Connectivity to stations, particularly the new Parkway Stations, is vital. Access to HS2 stations will be assisted by the planned improvements to the M1 in Nottingham (Junctions 24 – 25), as well as schemes on the M1 in Yorkshire (Junctions 32 – 35A) and the M42 (Junction 6) near Birmingham Airport”. (Part 1, pg 41)

“In total, we are investing £15.2 billion to enhance, renew and transform the network, and starting work on over 100 major schemes over the 2015/16–2019/20 Road Period. This significant investment will be used to complete current road schemes, begin construction of previously-announced road schemes and also take 69 new road schemes into construction by 2020/21”. (Part 2, pg 5)

Investment Status, Committed “(previously announced, or newly announced in this Investment Plan) – we are committing the full anticipated funding for this scheme. In some cases, this may include funding from other sources within central government, including the Local Growth Fund. Provided that the necessary statutory approvals are granted and the scheme continues to demonstrate value for public money, it will enter construction during this roads period”. (Part 2, pg 30)

Newly announced in this Investment Plan “M42 Junction 6 Improvement – comprehensive upgrade of the M42 Junction 6 near Birmingham Airport, allowing better movement of traffic on and off the A45, supporting access to the airport and preparing capacity for the new HS2 station” (Part 2, pg 40)

Delivery Plan 2015 to 2020 (REF 3-1).

“We will be developing the options in more detail and preparing the scheme for public consultation in 2016, this will take into account planned station developments linked to High Speed 2. We anticipate being able to recommend a preferred route in early 2017. We are planning to start construction in 2020” (Sect 3, p23).