M54 to M6 Link Road
Scheme Number TR010054

4.2 Funding Statement

Planning Act 2008
Regulation 5(2)(h) Infrastructure Planning
(Applications: Prescribed Forms and Procedure) Regulations 2009

January 2020
Infrastructure Planning
Planning Act 2008

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

M54 to M6 Link Road
Development Consent Order 202[ ]

FUNDING STATEMENT

<table>
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<tr>
<th>Regulation Number:</th>
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<tr>
<td>Author:</td>
<td>M54 to M6 Link Road Project Team, Highways England</td>
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<td>1</td>
<td>January 2020</td>
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FUNDING STATEMENT

Signed………………………………………

Andrew Kelly
Project Manager
on behalf of Highways England
Date: [21/01/2020]
# CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Introduction</td>
<td>3</td>
</tr>
<tr>
<td>2 Capital Expenditure</td>
<td>4</td>
</tr>
<tr>
<td>3 Sources of Funding</td>
<td>5</td>
</tr>
<tr>
<td>4 Blight</td>
<td>8</td>
</tr>
<tr>
<td>5 Appendices</td>
<td>9</td>
</tr>
</tbody>
</table>
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 section 37 of 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 M54 to M6 Link Road Scheme (the "Scheme").

1.1.2 The purpose of this Statement 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 (see Appendix A) 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, and temporary possession of 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 DCO application documents, it should be read alongside, and is informed by, the other application documents; in particular, the Statement of Reasons [TR010054/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 the 'Introduction to the Application' [TR010054/APP/1.1].
2 Capital Expenditure

2.1 Capital Cost

2.1.1 The cost of the Scheme has been estimated as £198.26 million. 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 Section 152(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 The Applicant 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 the Applicant’s internal 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 The Applicant 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. The Applicant is responsible for delivering the major projects in the RIS.

3.1.2 The funding commitment for construction of the Scheme was initially made in June 2013 whilst 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”, an extract of which can be found at Appendix B of this Statement (see Annex A - Roads Programme, Table A.6: Pipeline HA road schemes which the Government is committed to funding subject to finalisation of options and agreement being reached on developer contributions).

3.1.3 Subsequent to this, the Government published the RIS on 1 December 2014, which is underpinned by legislation following the Infrastructure Act 2015 (which received 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 scheme subject to other contributions (see Appendix C).

3.1.4 The other contributions referred to in the RIS was based on the expectation that certain funding would be available from other parties, namely [Midland Expressway Limited], the owner of the M6 Toll. This other funding would have enabled the provision of the direct link from the M6 to the M6 Toll to allow for a free-flow connection to the M6 Toll.

3.1.5 However, the necessary level of other contributions could not be secured to meet the cost of the free-flow link. The scope of the Scheme was revised to remove the direct link from the M6 to the M6 Toll. The revised funding commitment for the revised Scheme was confirmed in subsequent delivery plans which can be found in Appendix D of this Statement.

3.1.6 The commitments by the Government and the Applicant as 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.
4 Blight

4.1.1 Blight occurs where the carrying out of large scale or major public works near property reduces the value of that property or makes it more difficult to sell the property at market value. Blight notices requesting that the Applicant acquires the property 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 the Applicant.
Appendix A - Highways England Licence

Highways England: Licence, Department for Transport, April 2015

Extract: (section 6.28 to section 6.36, pg. 22 & pg. 23)

Varying the Road Investment Strategy

6.28 The Secretary of State is able to vary a RIS once it has been agreed, and the Licence holder may also request a change to the RIS.

6.29 Small-scale changes to the RIS, beyond minor refinements that are within the Licence holder’s discretion, will be handled through a formal change control process. Major variations, which would affect the Licence holder’s overall funding, have a material effect on the integrity of the RIS or otherwise compromise the Licence holder’s ability to comply with the RIS, would require the RIS to be re-opened.

6.30 In considering or proposing any variation of a RIS, the Secretary of State and the Licence holder must have due regard to the desirability of maintaining certainty and stability in respect of the existing RIS.
Change control

6.31 Small-scale changes to the RIS, which do not have a bearing on the overall funding envelope and do not materially affect the integrity of the RIS (including small-scale additions to the RIS, as at 6.32), will be subject to a formal change control process, as described at 6.32 – 6.36.

6.32 In the event that the Secretary of State considers that a small-scale change to the detail of an objective set out in the RIS may be necessary (for example, a change to the way in which a particular objective is measured, or a change to the nature of a project identified in the RIS Investment Plan), he will notify the Licence holder, the Highways Monitor and Transport Focus. Where the Secretary of State is seeking additions beyond the current RIS, such as additional schemes or further metrics or indicators, the Secretary of State will consider making a proportionate increase in the funding made available by government to the Licence holder to deliver these, along with the existing RIS requirements.

6.33 In the event that the Licence holder requests a small-scale change to the RIS, or identifies that a specific project in the RIS Investment Plan may need to be replaced (due to a deterioration in the business case or difficulties in obtaining relevant consents) the Licence holder must provide sufficiently detailed proposals and supporting evidence to allow the Secretary of State to make an informed decision.

6.34 The Secretary of State will consider the viability and desirability of any request by the Licence holder under 6.33, seeking advice from the Highways Monitor, where appropriate, and will respond to the Licence holder within three months with a decision about whether or not to proceed with a change.

6.35 Following a notification under 6.32, or a response to the Licence holder by the Secretary of State under 6.34, the Secretary of State will begin discussions with the Licence holder and the Highways Monitor to agree the change, including any proportionate increase in the funding as described at 6.32. Once agreed, the Secretary of State will publish details of the change.

6.36 In the event that, under the circumstances described at 6.35, the Secretary of State and the Licence holder fail to reach a mutually agreed position, having sought advice from the Highways Monitor, the Secretary of State retains the right to make a final determination.
Appendix B: Extract from “Investing in Britain’s Future”

Table A.6: Pipeline HA road schemes which the Government is committed to funding subject to finalisation of options and agreement being reached on developer contributions

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
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<tbody>
<tr>
<td>M54 to M6 Toll link road</td>
<td>New link road improving access from the M54 to the M6.</td>
</tr>
<tr>
<td>A new M20 junction 10a and a new link road</td>
<td>A new M20 Junction 10A and link road to the A2070 at Ashford in Kent with a new dual carriageway link road to the existing A2070 Southern Orbital Road and also connect to the A20 Hythe Road.</td>
</tr>
<tr>
<td>A2 Ebbsfleet junction</td>
<td>Improvements to the A2 junction at Ebbsfleet in North Kent between Dartford and Gravesend.</td>
</tr>
</tbody>
</table>
Appendix C: Road Investment Strategy

Road Investment Strategy for the 2015/16 – 2019/20 period, Department for Transport, March 2015

Extract: (section 3, pg. 40)

\[40\] Road Investment Strategy: Investment Plan

supports the Towcester southern extension and helps remove traffic from the centre of the town.

- **M42 Junction 6 improvement** – comprehensive upgrade of the M42 junction 6 near Birmingham Airport, allowing better movement of traffic on the junctions along the length of the A52 in Nottingham, including signalisation and junction reconstruction.

- **M54 to M6/M6 Toll link road** – adding a north-facing access between the M54 and the M6 and M6 Toll around junctions 10A and 11.
Appendix D: Highways England Delivery Plan

Highways England Delivery Plan 2015-2020

Extract: (section 3.1.3, pg. 18)

Provide a new link road connecting the M54 and M6 and the M6 Toll road which will improve journey time reliability and reduce high levels of congestion in the area.

Scheme name and scope amended in 2019-2020 delivery plan.

Extract: (section 9, pg. 50)

What we plan to deliver in 2019-20

Working collaboratively

We will launch a new corporate website during 2019-20 which will address the findings of our research into user needs. Its new features will mean we can increase our engagement with stakeholders and provide better social media and webchat functions. We have already successfully held consultations online for the A303 and Lower Thames Crossing, where we saw a significant increase in participation by stakeholders, and we will now review and improve this consultation process further.

In discussions with stakeholders and to reduce network disruption around Manchester we have rescheduled two projects to phase delivery of works; starting with M56 junctions 6-8 in 2019-20, followed by M6 junctions 21a-26 in RP2. We are reviewing the scope of the M6 junction 22 upgrade scheme to ensure it supports a local development and local highway improvements.

The A27 Arundel bypass went to a second consultation based on feedback from the first consultation and the start of works has been postponed to RP2 as a result.

The M54 to M6 scheme now links the M54 and M6 directly rather than to the M6 Toll.