

A12 Chelmsford to A120 widening scheme

TR010060

4.2 Funding Statement

APFP Regulation 5(2)(h)

Planning Act 2008

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Development Consent Order 202[]

4.2 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 National Highways (the "Applicant") to the Secretary of State for Transport via 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 A12 Chelmsford to A120 Widening Scheme (the "Scheme"). A detailed description of the Scheme can be found in Chapter 2, The proposed scheme of the Environmental Statement (ES) [TR0100/APP/6.1].
- 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 National Highways Licence (See Appendix A of this Statement) 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 [TR0100/APP/4.1], which is also included in the application to comply with the requirements of Regulation 5(2)(h).

2 Capital Expenditure

2.1 Capital Cost

- 2.1.1 The Scheme has a most-likely estimate of £1045 - £1268 million. This estimate includes all costs to deliver the Scheme from Options stages through to the opening for traffic plus an allowance for risk and inflation. 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 not provided a separate estimate within this Statement for the allowance included in the Scheme estimate for compensation payments. The Applicant considers that the provision of the estimate for compensation payments within this Statement may prejudice ongoing negotiations by agreement with land interests. Further details on the current position in relation to negotiations by agreement can be found in Annex B of the Statement of Reasons [TR010060/APP/4.1].
- 2.1.4 National Highways 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.
- 2.1.5 The estimate has been prepared in accordance with National Highways 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 National Highways 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. National Highways is responsible for delivering the major projects in the Road Investment Strategy (RIS).
- 3.1.2 The Government published the first RIS (RIS1) on 1 December 2014, which is underpinned by legislation following the Infrastructure Bill receiving Royal Assent on 12 February 2015 and the creation of National Highways (previously called National Highways) on 1 April 2015. RIS1 provided certainty of Government funding with over £15 billion to be invested in major roads between 2015/16 and 2020/21. The Scheme was first announced in RIS1 as a committed and therefore funded Scheme (see Appendix B of this Statement).
- 3.1.3 The funding commitment was reiterated in the National Highways Delivery Plan 2015 - 2020, which was published in March 2015, and in the subsequent Delivery Plan 2020 - 2025 which was published August 2020. Extracts from these are provided at Appendix C of this Statement.
- 3.1.4 On 11 March 2020, the Government published its second RIS for the period 2020-2025 (RIS2). RIS2 commits the Government to spending £27.5 billion to both build new road capacity and improve the quality and reduce the negative impacts of the existing Strategic Road Network (SRN). Part 3: The Investment Plan sets out the Government's expenditure priorities which confirms the ongoing commitment to the Scheme (an extract is provided in Appendix D of this Statement).
- 3.1.5 RIS2 states that the Scheme may also include the delivery of additional improvements around the site of the Colchester/Braintree Border Garden Community, subject to support from the Housing Infrastructure Fund. However, on 15 May 2020, it was concluded that the Colchester/Braintree Borders Garden Community should be removed from the local plan and therefore the Scheme does not include any additional elements around this site and the Housing Infrastructure fund is therefore no longer relevant to the delivery of the Scheme.
- 3.1.6 The Government and National Highways 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.

4 Blight

- 4.1.1 The term 'blight' -which has a statutory interpretation (but is sometimes also a term for general impacts) - refers to the inability by a landowner to sell a property at the open market value because of possible future development, or restriction of development caused by a project for public purpose - in this case the Scheme. Blight notices may be served on the Applicant by those with a qualifying interest in affected land.
- 4.1.2 To date twenty-one blight notices have been served, of which nineteen have been deemed valid claims. The cost of meeting these claims will be met by the Applicant.
- 4.1.3 The valid blight notices relate to land plots 5/18a, 5/19a, 5/22a, 5/23a, 8/1c, 8/1d, 8/1f 8/18a, 8/18b, 8/41a, 8/41b, 11/13a, 12/8a, 12/15a, 12/15b, 12/22a, 13/4a, 13/4b, 13/4c, 13/4d, 13/4e, 13/4f, 14/20a, 14/20b, 14/20c, 17/6a and 18/17a as detailed on the Land Plans [TR010060/APP/2.7] and in the Book of Reference [TR010060/APP/4.3]
- 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 the Applicant.

Appendix A

National Highways Licence Extract – Part 6

Part 6 - Setting and varying the Road Investment Strategy 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.

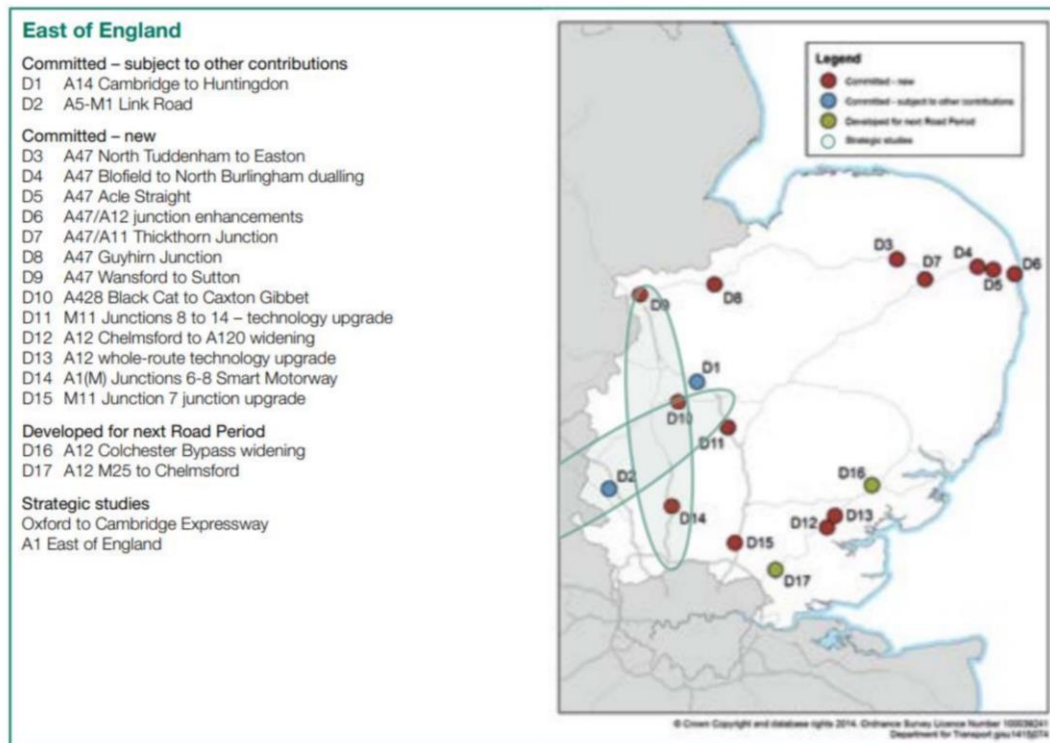
Change control

- 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

The A12 Chelmsford to A120 Widening scheme improvements are referred to on page 46 in Part 2 (Investment Plan) of the first Road Investment Strategy (2015/16 – 2019/20 Road Period). The Scheme was described as a ‘committed scheme’ which would involve “widening the A12 to three lanes between junction 19 (north of Chelmsford) and junction 25 (A120 interchange)”.



<https://www.gov.uk/government/publications/road-investment-strategy-for-the-2015-to-2020-road-period>

Appendix C

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/424467/DSP2036-184_Highways_England_Delivery_Plan_FINAL_low_res_280415.pdf

National Highways Delivery Plan 2015-2020 Extract from section 3.1.4 (schemes announced in December 2014) pg.24

Table 3B (next steps for schemes announced in December 2014) on page 24 describes the activities that would occur over the delivery plan period for the Scheme. The activities include 'identifying options and initial surveys to inform the more detailed development, including engagement with wider stakeholders.

National Highways Delivery Plan 2020-2025 Extract (The East pg. 34)

"In Essex, our A12 Chelmsford to A120 scheme will deliver a wide range of benefits, including reduced congestion, and will align with local authority development plans".

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/910866/5-year_Delivery_Plan_2020-2025_FINAL.pdf

Appendix D

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/951100/road-investment-strategy-2-2020-2025.pdf

RIS2 Extract (Part 3 Investment Plan, pg. 102)

A12 Chelmsford to A120 – widening the A12 to three lanes between junction 19 (north of Chelmsford) and junction 25 (A120 interchange). This may include delivery of additional improvements around the site of the Colchester/Braintree Border Garden Community, subject to support from the HIF. This scheme will need to take into account evolving proposals for the A120 Braintree to A12.