

**A66 Northern Trans-Pennine Project  
TR010062**

**5.6 Funding Statement**

**APFP Regulations 5(2)(h)**

**Planning Act 2008**

**Infrastructure Planning (Applications: Prescribed Forms and  
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A66 Northern Trans-Pennine Project  
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**5.6 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 (the “Application”) under the Planning Act 2008 (the “2008 Act”) for a Development Consent Order (the “DCO”). If made, the DCO would grant consent for the A66 Northern Trans-Pennine Project (the “Project”). A detailed description of the Project can be found in **Chapter 2: The Project** of the Environmental Statement (“ES”) (**Document Reference: 3.2**).
- 1.1.2 The purpose of this Statement is to demonstrate that the Project will be adequately funded through the Road Investment Strategy (“RIS”), using the change control processes set out in Part 6 of National Highways’ Licence (see **Appendix A** of this Statement) if required, and therefore that funding is no impediment to the delivery of the Project or the payment of compensation to persons who would be affected by compulsory acquisition, temporary possession, or a blight claim if the DCO was made by the Secretary of State for Transport.
- 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 guidance issued by the former Department for Communities and Local Government (now the Department for Levelling Up, Housing and Communities) ‘Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land’ (September 2013).
- 1.1.4 This Statement is required because the DCO, if made in the form which the Applicant has applied for, would authorise the compulsory acquisition of land, interests in land or rights over land for the purposes of the Project. 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 documentation it should be read alongside, and is informed by, the other Application documents; in particular, the Statement of Reasons (**Application document 5.8**), which is also included in the Application to comply with the requirements of Regulation 5(2)(h).

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## 2 Capital Expenditure

### 2.1 Capital Cost

- 2.1.1 The Project has a most-likely estimate of £1,490 million, including allowances for risk and inflation at the date of application. This estimate includes all costs to deliver the Project from options appraisal stages through to the opening for traffic.
- 2.1.2 The Project estimate includes an allowance for compensation payments relating to the compulsory acquisition of land; of interests in, and rights over, land; and the temporary possession and use of land. It also takes into account potential claims under Part I of the Land Compensation Act 1973, section 10 of the Compulsory Purchase Act 1965 and section 152(3) of the 2008 Act.
- 2.1.3 The cost 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 relevant land.
- 2.1.4 The Applicant has not provided a separate estimate within this Statement for the allowance included in the Project 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 to acquire land by agreement can be found in the Schedule of Negotiations [**document reference 5.10**].
- 2.1.5 The Applicant has been, and will continue to be, responsible for all preparation costs associated with the Project. These may include items such as design costs, legal costs, land acquisition costs, advance payments to statutory undertakers and surveying costs.
- 2.1.6 The Project 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 Project.

### 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 RIS.

#### **Road Investment Strategy: Investment Plan, Department for Transport, December 2014**

3.1.2 The Government noted the potential to create a new strategic corridor in the north of England and to link the A1 and the M6, as a means of helping the economies of the North East and Cumbria. A more detailed extract from the Road Investment Strategy: Investment Plan is provided at **Appendix B** of this statement

#### **Transport Development Fund**

3.1.3 The Government announced the establishment of the £300 million Transport Development Fund in the Spending Review and Autumn Statement published in November 2015, which supported development work for transformative transport infrastructure projects such as the A66 Northern Trans-Pennine Project.

#### **Highways England Delivery Plan 2016-2017**

3.1.4 This funding commitment was reiterated in the Highways England Delivery Plan for 2016-2017, which noted that the £300 million fund would be used in part to develop the business case for enhancing the A66..

#### **2018 Budget**

3.1.5 The 2018 Budget announced the draft Road Investment Strategy 2 (RIS2) and noted the Government's commitment to "progress transformative projects like the A66 Trans-Pennine..." A more detailed extract from the 2018 Budget is provided at **Appendix C** of this statement.

#### **2020 Budget**

3.1.6 The 2020 Budget reiterated the commitment to funding the Project, as the Government noted that the "*second Road Investment Strategy (RIS2) will spend over £27 billion between 2020 and 2025. It will take forward schemes such as dualling the A66 Trans-Pennine...*" A more detailed extract from the 2020 Budget is provided at **Appendix D** of this statement.

#### **Road Investment Strategy 2: 2020–2025**

3.1.7 On 11 March 2020, the Government published its second Road Investment Strategy for the period 2020-2025 ("RIS2"). RIS2 commits the Government to spending £27.4 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 Project (an extract is provided in **Appendix E** of this Statement).

### **2021 Budget**

- 3.1.8 In the 2021 Budget, the Government announced that it would provide a further £146 million in RIS2 “to accelerate the start of construction on the A66 Trans-Pennine upgrade” as part of Project Speed. In addition to the previously approved options and development phase funding of £34 million, an additional £135 million was released to complete the development phase, buy land by agreement, and undertake some advanced works, making the total released funds for the A66 £169 million (Investment, Portfolio and Delivery Committee (IPDC), Department for Transport, December 2020).

### **Highways England Delivery Plan 2020 – 2025 and Delivery Plan Update for 2021-2022**

- 3.1.9 The funding commitment was reiterated in both the Highways England five-year Delivery Plan 2020 – 2025, which was published in August 2020, and in the first annual update to that Delivery Plan – the Delivery Plan Update for 2021-2022. An extract from the latter is provided at **Appendix F** of this Statement. The Delivery Plan Update for 2021-2022 accelerated the start of works for the Project from Q4 2024-25 to Q4 of 2023-24, and the open for traffic dates were accelerated from Q4 34/35 to Q4 28/29.

### **Conclusion**

- 3.1.10** The Government and National Highways commitments set out above demonstrate that the Project will be fully funded by the Department for Transport and consequently the Project is not dependant on funding contributions from other parties.

## 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 land affected by the Project.
- 4.1.2 To date nine blight notices have been served, of which eight have been deemed valid claims. Four of these claims have completed and were paid between July 2021 and January 2022. Four of the claims are due to be paid between September 2022 and March 2023. The cost of meeting these claims has been met by the Applicant.
- 4.1.3 The valid blight notices relate to land identified on the Land Plans [**document reference: 5.13**], in the Book of Reference [**document reference 5.7**] and in the table below, as plots numbered:

**Table 4-1: Blight Claims Table**

No.	Valid blight claim already paid (between July 2021 and January 2022)	Valid blight claim due to be paid (between September 2022 and March 2023)
	PLOT NUMBERS	
1	0405-05-33	-
2	08-03-06	-
3	03-01-42 03-01-43	-
4	08-01-42 (plus land outside the Order limits)	-
5	-	09-03-37 09-03-40
6	-	0405-03-67
7	-	06-06-37
8	-	06-06-42 (plus land outside the Order limits)

- 4.1.4 Should any further future claims for blight arise as a consequence of the proposed compulsory acquisition of land, or rights in land, affected by the Project, the costs of meeting any valid claim will be met by the Applicant.

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## Appendix A

### National Highways Licence

#### Part 6 - Setting and varying the Road Investment Strategy

##### Introduction

- 6.1 The Secretary of State may at any time set a Road Investment Strategy (RIS) for a strategic highways company, or vary a RIS that has already been set.
- 6.2 A RIS is to relate to such period ('Road Period') as the Secretary of State considers appropriate. For each RIS, the Secretary of State will determine the Road Period and set the timetable for developing and agreeing the RIS.
- 6.3 A RIS must specify the requirements to be delivered by the Licence holder during the Road Period to which it relates and the funding to be provided by the Secretary of State in order to deliver those requirements. Such requirements may include activities to be performed, results to be achieved and standards to be met.
- 6.4 The Licence holder **must** co-operate with the Secretary of State to reach an agreed position on a RIS and comply with the processes for setting and varying a RIS.
- 6.5 In the event that, for any reason, there is no current RIS in effect (for example, due to a delay between one RIS expiring and the commencement of a subsequent agreed RIS), the Licence holder **must** continue to comply with its legal obligations and the requirements set out in this Licence, as well as any further directions issued by the Secretary of State, until a new RIS has been agreed and comes into effect

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## Setting the Road Investment Strategy

### Step 1: The Strategic Road Network (SRN) Initial Report

- 6.6 Once informed of the Road Period by the Secretary of State, the Licence holder **must** prepare and provide to the Secretary of State a SRN Initial Report to inform the preparation of a draft Road Investment Strategy by the Secretary of State.
- 6.7 In producing a SRN Initial Report, the Licence holder **must** include:
- An assessment of the current state of the network and user needs from it;
  - Potential maintenance and enhancement priorities; and
  - Future developmental needs and prospects.
- 6.8 In producing a SRN Initial Report, the Licence holder **must**:
- Comply with the timetable set by the Secretary of State;
  - Take account of the evidence developed through the preparation of route strategies, as required at 5.13;
  - Consider the need for effective integration between the Licence holder's network and the rest of the transport system;
  - Engage with and take account of the views of relevant local and national stakeholders, including those organisations or groups identified at 5.18;
  - Engage with and take account of the views of Transport Focus and the Highways Monitor;
  - Take into account any directions and guidance that the Secretary of State may specify in relation to producing a SRN Initial Report by notice or in guidelines to the Licence holder; and
  - Publish the SRN Initial Report.
- 6.9 As soon as possible following publication of the SRN Initial Report by the Licence holder, the Secretary of State will conduct a consultation on the SRN Initial Report.

### Step 2: The Secretary of State's proposals and Draft RIS

- 6.10 The Secretary of State's response to the consultation referred to at 6.9 will include proposals for a Road Investment Strategy (the 'Draft RIS').
- 6.11 The Draft RIS will include details of the requirements to be delivered by the Licence holder along with the financial resources to be provided by the Secretary of State for the purpose of delivering those requirements, and the intended Road Period to which the proposals relate.

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- 6.12 The Highways Monitor will assess the Draft RIS and provide advice to the Secretary of State, in accordance with the timetable set by the Secretary of State, on whether the Secretary of State's proposed requirements are challenging and deliverable with the proposed financial resources.
- 6.13 The Licence holder **must** assist the Highways Monitor in their assessment of the Draft RIS, including providing any additional information as necessary.
- 6.14 The Secretary of State, having taken account of advice from the Highways Monitor, will submit to the Licence holder:
- a. A Draft RIS;
  - b. As part of the Draft RIS, a statement of his or her general strategy in respect of highways for which the Licence holder is the highway authority;
  - c. Any other information in support of the Draft RIS as the Secretary of State considers appropriate;
  - d. A clear timescale within which the Licence holder is required to respond with a Draft Strategic Business Plan.

### Step 3: The Company's Draft Strategic Business Plan (SBP)

- 6.15 The Licence holder **must** respond to the Draft RIS issued by the Secretary of State in the form of a draft Strategic Business Plan (the 'Draft SBP'), detailing its plans for delivering the requirements set out in the Road Investment Strategy, for the whole period of that RIS.
- 6.16 In providing a Draft SBP to the Secretary of State, the Licence holder **must**:
- a. Clearly indicate whether the Licence holder agrees to the proposals in the Draft RIS, or make counter-proposals;
  - b. Take into account any directions and guidance that the Secretary of State may specify in relation to producing a SBP by notice or in guidelines to the Licence holder;
  - c. Engage with and take account of the views of the Highways Monitor;
  - d. Submit the Draft SBP to the Secretary of State within the specified timescales.

### Step 4: The Efficiency Review

- 6.17 The Highways Monitor will assess the Draft SBP and provide advice to the Secretary of State, in accordance with the timetable set by the Secretary of State, on whether the Licence holder's proposed requirements are deliverable with the proposed financial resources, and

the extent to which the Draft SBP is challenging and deliverable, including with regard to the levels of efficiency the Licence holder proposes to achieve.

- 6.18 The Licence holder **must** assist the Highways Monitor in their assessment of the Draft SBP, including providing any additional information as necessary.

### Step 5: Finalising the RIS and the SBP

- 6.19 Following the Efficiency Review the Secretary of State, taking account of the advice of the Highways Monitor, will do one of the following:
- a. Approve the Draft SBP and finalise the RIS;
  - b. Direct the Licence holder to make revisions to the Draft SBP before granting approval; or
  - c. Produce a revised Draft RIS, at which point the Secretary of State and the Licence holder will follow the process as specified above between 6.14 and 6.16 in order to reach a mutually agreed position on a final RIS and a final SBP.
- 6.20 If necessary, the Secretary of State will request additional advice from the Highways Monitor on revised versions of the Draft RIS and/or the Draft SBP to facilitate their finalisation.
- 6.21 Once both the Draft RIS and Draft SBP have been finalised, they **must** be published by the Secretary of State and the Licence holder respectively.
- 6.22 In the event that the Secretary of State and the Licence holder fail to reach a mutually agreed position on the Draft RIS and/or the Draft SBP within the timetable set by the Secretary of State, the Secretary of State retains the right to determine the content of a final RIS and/or SBP.

### Step 6: Mobilisation

- 6.23 Once the RIS has been finalised and the SBP finalised or determined, the Licence holder **must** take appropriate steps in advance of the next Road Period commencing to ensure that it is ready to undertake delivery of the RIS from the start of that period, including preparing a Draft Delivery Plan setting out the details of how the Licence holder aims to deliver the final SBP and submitting it to the Secretary of State for approval.
- 6.24 In preparing a draft Delivery Plan, the Licence holder must engage with and take account of the views of the Highways Monitor on the format and level of detail of the Delivery Plan to facilitate reporting arrangements.

### Step 7: Delivery

- 6.25 Following approval of a Draft SBP and Draft Delivery Plan by the Secretary of State, and his issuing of a final RIS, the Licence holder **must** publish and deliver the final SBP and the associated Delivery Plan.

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- 6.26 The Licence holder **must** report to the Highways Monitor on progress in delivering requirements set out in the final SBP and Delivery Plan on an annual basis, submitting a draft report to the Highways Monitor for approval (providing a copy to the Secretary of State), following which the Licence holder **must** publish the final report.
- 6.27 The Licence holder **must** update its Delivery Plan on an annual basis, submitting a draft update of the Delivery Plan to the Secretary of State for approval. Subject to the Secretary of State being satisfied that the update is consistent with, and contains no material revisions to, the original Delivery Plan, the Licence holder **must** publish the updated Delivery Plan.

### 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.

### Re-opening the RIS

- 6.37 Where, in exceptional circumstances, a major variation is considered necessary, 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, the Secretary of State will formally initiate the process for re-opening the RIS by publishing proposals for variation to the existing RIS and setting a timetable for the process.
- 6.38 In the event that the Licence holder requests that the Secretary of State initiate the process for re-opening the RIS, as described at 6.37, the Licence holder **must** provide sufficiently detailed proposals and supporting evidence to support its request. Following such a request, the Secretary of State will seek advice from the Highways Monitor on the deliverability of the RIS and the validity of the Licence holder's request.
- 6.39 Once the process for re-opening the RIS has been initiated, the Secretary of State will conduct a consultation on the proposals, or alternatively direct the Licence holder to conduct a consultation, depending on the nature of the proposed variation. In either case, the Licence holder **must** provide notification of the launch of the consultation process to those persons it considers appropriate.
- 6.40 Following the consultation process, the Secretary of State will formally respond to the consultation, setting out his or her decision on whether to proceed with the RIS variation process in light of consultation responses.

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- 6.41 Should the Secretary of State decide to proceed with a revised RIS, the response to the consultation will include publication of revised proposals, equivalent to those produced in Step 2 of the process for setting the RIS, and set a timetable for finalising a revised RIS, SBP and Delivery Plan.
- 6.42 Following the publication of revised proposals, the Secretary of State, the Licence holder and the Highways Monitor will follow the standard process for determining and agreeing a final RIS, SBP and Delivery Plan, as set out at 6.14 to 6.24, above, in accordance with the timetable set by the Secretary of State under 6.41.

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## Appendix B

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### **Road Investment Strategy: Investment Plan (Department for Transport, December 2014)**

*Building on the feasibility study approach in Section 2, we are commissioning a series of new strategic studies, to address of the biggest challenges facing the road network...There is potential to create a new strategic corridor in the region and link the A1 and the M6. Doing so could help the economies of the North East and Cumbria, as well as improve journeys between England and Scotland. The two main east-west roads in this area, the A69 and A66, have been partially upgraded over the years. Both roads have a mix of high-quality dual carriageway and single carriageway. This study will examine the case for dualling one or both of these roads and making other improvements along their length. In doing this, we would further help the development of a northern powerhouse. (Part 4, p49 of the Road Investment Strategy – Investment Plan)*

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## Appendix C

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### **2018 Budget, HM Treasury**

*Roads Investment Strategy 2 – The Budget is announcing the draft Roads Investment Strategy 2. This is the largest ever investment in England’s strategic roads and will enable the government to build on the successes of Roads Investment Strategy 1, such as the A1(M) link to Newcastle, and progress transformative projects like the A66 Trans-Pennine, the Oxford-Cambridge Expressway, and the Lower Thames Crossing. The government expects to spend £25.3 billion on this strategy, funded by the National Roads Fund, between 2020-25. (p55)*

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## Appendix D

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### **2020 Budget, HM Treasury**

*The government is transforming regional connections through the largest ever investment in England's motorways and major A roads. The second Road Investment Strategy (RIS2) will spend over £27 billion between 2020 and 2025. It will take forward schemes such as dualling the A66 Trans-Pennine and upgrading the A46 Newark bypass to address congestion, and building the Lower Thames Crossing to increase road capacity across the Thames east of London by 90%. RIS2 will be delivered alongside the government's plans for decarbonising the transport sector, which are set out in the 'Growing a greener economy' section of this chapter. (p45)*

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## Appendix E

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### Road Investment Strategy 2: 2020-2025

*In particular, RIS2 makes three major commitments to schemes for delivery through coming road periods that can underpin a wider economic transformation.*

- *Dualling the A66 between the A1(M) and the M6, creating the first new trans-Pennine dual carriageway since 1971. Overall, the projects delivered through RIS2 should add a third to the strategic road capacity across the Pennines...(p74)*

*A66 Northern Trans-Pennine: The A66 is a highway that ties our nation together. It connects Scotch Corner on the A1(M) with Penrith on the M6, making it the most important route to get from east to west for many of England's northern counties. Because of its position at the heart of the UK, it is the route of choice for many drivers in Scotland, Northern Ireland and the East of England who are looking to make long-distance journeys. For a manufacturer in Belfast, the A66 is the road that takes their goods to China. Government first proposed dualling the A66 in 1946. Although piecemeal progress has been made over the intervening decades, through RIS2 we formally commit to complete this project. We have recently consulted on early-stage designs, allowing us to commence construction during the period covered by RIS2. Unlike similar upgrades in the past, we are planning this work as a single coordinated programme, without lengthy gaps between improvements at individual locations. (p95)*

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## Appendix F

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### **Highways England Delivery Plan 2021-2022**

*This Delivery plan has been set out according to Highways England capital baseline. As agreed with the government this plan will be delivered within the £27,358m as set out in the RIS and which was re-profiled in Spending Review 2020 as well as including additional funding (£146m) for the acceleration of the A66 as part of Project Speed. (p47)*