

Highways Commissioning
Block 5, 6th Floor East
Shire Hall
Gloucester GL1 2TH
Telephone: 01454 662377

19th November 2024

M5 Junction 10 Improvements Scheme

Dear Mr Maund,

Application by Gloucestershire County Council for an order granting Development Consent for the M5 Junction 10 Improvements Scheme

Planning Act 2008 – Section 89 and The Infrastructure Planning (Examination Procedure) Rules 2010 – Rule 8 and 9, 13 and 16

Further to the Examining Authority's Rule 8 letter, dated 29 October 2024, I write in respect to the information requested from the Applicant at Deadline 9 (19 November 2024).

Documentation submitted at Deadline 9

Please find enclosed the following documents which have been requested from the Applicant at Deadline 9:

1. Applicant's Comments on the Examining Authority's Report on the Implications for European Sites (RIES)

(TR010063/APP/9.86 – Rev 0)

2. Applicant's Comments on the Examining Authority's draft Development Consent Order (dDCO)

TR010063/APP/9.90 – Rev 0)

3. Applicants Response to Interested Parties Deadline 7 Submissions

TR010063/APP/9.90 – Rev 0

It should be noted that in a change from earlier deadlines and in order to minimise the extent of repetition in its submissions, the Applicant has only provided a response where clarification was deemed helpful or necessary. This is reflected in the sequencing of response references where it should be noted that references relate to the equivalent paragraph number or Examining Authority question reference of the relevant interested party's comments.

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4. Applicants Response to Interested Parties Relevant Representations relating to Changes 1 and 2 submitted on 4th September and 11th October 2024 respectively.

TR010063/APP/9.91 – Rev 0

5. Responses to Examining Authority's Third Written Questions ExQ3:

The Applicant can confirm that the following document has been submitted at Deadline 9:

- Applicant's Response to Examining Authority's Third Written Questions (ExQ3) (TR010063/APP/9.93 – Rev 0)

Additional Submissions at Deadline 9

1. Guide to the Application

The Guide to the Application (TR010063/APP/9.26 – Rev 8.0) charts the submission of DCO application documents to the Inspectorate, identifying the current revision for all documents submitted by the Applicant into Examination. This is a live document and will be updated throughout the Examination process and submitted, when updated, for each relevant deadline.

2. ES Chapter 11 – Cultural Heritage

Updated chapter (clean and tracked) submitted to cover the further geophysical survey work that was undertaken from September to November 2024; and the assessment of the three buildings in Uckington that were identified by Tewkesbury Borough Council's Conservation Officer as non-designated heritage assets.

3. ES Appendix 11.5 – Archaeological Geophysical Survey of Land around J10 of M5

The report produced by the Museum of London Archaeology (MOLA) on the geophysical survey work undertaken from September to November 2024 on areas with the Order limits not surveyed previously.

4. EMP Annex B17 – River Realignment and Channel Diversion Management Plan 1st iteration

A new EMP annex produced to manage the impacts from the construction of the Design Change 3 (Link Road River Chelt Bridge structural form). This EMP annex was referenced in the Summary of Changes to Register of Environmental Actions and Commitments [AS-096] that was submitted as part of the Change 2 application.

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5. Letter of support from the Leader of Gloucestershire County Council

As outlined in paragraph 6.1.5 of the updated Funding Statement (REP6-005) the Applicant has submitted a letter of support for the Scheme from the Leader of Gloucestershire County Council (appended to this letter).

6. Correspondence from the National Wealth Fund (formerly UK Infrastructure Bank) regarding funding support for the Scheme

As requested by the Examining Authority in Action Point 17 of Issue Specific Hearing 4 the Applicant has submitted correspondence from the National Wealth Fund (formerly UK Infrastructure Bank) regarding funding support for the Scheme (appended to this letter).

I trust this information provides assistance in considering the matters raised and addresses the Examining Authority's Rule 8 letter.

Yours sincerely,



Chris Beattie
Highways and Infrastructure
Gloucestershire County Council



Cllr Stephen Davies

Leader of the Council

Leader of the Conservative Group

County Councillor for
Hardwicke and Severn

E-mail: [REDACTED]@gloucestershire.gov.uk
Tel: 01452 583456

E Maund, Esq
National Infrastructure
Planning
Temple Quay House
2 The Square
Bristol, BS1 6PN

SD/CC/mc

18 November 2024

Dear Mr Maund

As the Leader of Gloucestershire County Council, I am writing to confirm this council's commitment to the delivery of the M5 Junction 10 scheme. This commitment includes securing cash flow through the use of a loan from the United Kingdom Infrastructure Bank (UKIB), as necessary, to enable the scheme to progress in respect to addressing any funding gap due to the phasing of payments from Section 106, which may not fully meet the shortfall or arrive later.

I would like to emphasise here the reason why the scheme is so important to GCC. The county has an aging demographic, made worse by the number of young people who leave the county every year. This problem has become more acute since Covid-19, when house prices soared as people moved out of London; this makes it particularly difficult for young people to secure housing. The problem is made worse by the fact that Gloucestershire has a fairly stable and successful economic base, where demand for people with the right skills completely outstrips supply. Indeed, for a number of years now, the monthly job postings have been way in excess of the numbers of people unemployed, frequently more than two-fold. It is estimated that by 2035 there will be more jobs available than the working age population will be able to fill.

This further exacerbates the situation in respect to house prices as people are drawn into the area for jobs, or alternatively puts more pressure on the already overloaded highway network as people drive into the area to secure employment. A number of our districts are failing to meet their 5 year land supply and the importance of the delivery of housing in a planned manner can therefore be seen. The delivery of West Cheltenham and North-West Cheltenham developments are obviously very important in this respect, which can't be delivered without the new junction 10.

As early as 2010 this council set up a working group comprising of Cheltenham and Tewkesbury Councils and National Highways to ascertain how best to deliver the housing growth required in the area. This included the identification of the need to improve Junction 10. In 2017 the Joint Core Strategy was approved, which included the housing developments to West and North-West Cheltenham and the associated delivery of an upgraded Junction 10. In 2019 the Districts and the County, working with National Highways submitted a bid to Homes

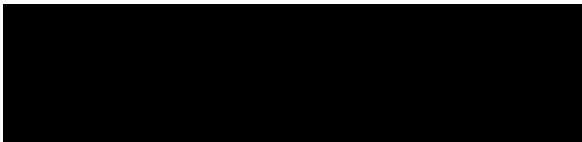
Cabinet Office, Shire Hall, Westgate Street, Gloucester GL1 2TG
01452 583456

England for HIF funding to deliver Junction 10, which was approved in March 2020. As part of the HIF bid, GCC offered £4m of its own money which has now been committed.

Since 2018 the council, supported by other funding partners including Homes England, has committed over £100m to start to put in place improvements which will help and support the West and North-West Cheltenham developments. This has included the £50m cycle spine which provides a high quality cycle route, linking the development to Gloucester in one direction and Cheltenham and Bishops Cleeve in the other. In 2020/21, the council committed £23m from its Local Growth Fund to improve the main junctions along the A40 near to the development as advanced preparation for the developments and recently completed the £35m Arle Court Transport Hub which includes 100 EV charging units and is located on the A40, almost immediately in front of the proposed main access into the West of Cheltenham development.

I hope the above demonstrates why the M5 J10 scheme is so important to GCC and the county as a whole and why the county is prepared to commit its own money and resources to secure its delivery as required.

Yours sincerely



Cllr Stephen Davies
Leader of the Council
Leader of the Conservative Group

Subject:

FW: Funding support for M5 J10 DCO scheme

From: Iain Watson <[REDACTED]>

Sent: 19 November 2024 20:28

To: CHICK, Colin <[REDACTED]>

Cc: BEATTIE, Chris <[REDACTED]>; BOWN, Graham

<[REDACTED]>; Matthew Chipping <[REDACTED]>; Dan Mansfield

Subject: Funding support for M5 J10 DCO scheme

Colin,

Re: Funding support for M5 J10 DCO scheme

Further to discussions with you and your M5 J10 project team, we write to confirm the status of these and the process involved going forward in order to secure a loan facility from the National Wealth Fund's ("NWF") Local Authority Function to Gloucestershire County Council ("GCC") to support delivery of the M5 J10 DCO scheme (the "project") ahead of other sources of funding such as s106 and CIL becoming available.

GCC has commenced discussions with us earlier than would normally be the case (based on our experience with other local authority projects) and this positions us well to progress the project through the necessary governance, approvals, and loan documentation process in light of an anticipated Secretary of State decision on the project in early June 2025 with a planned commencement of works during October 2025.

As a consequence of the early discussions we have been able to review the project in the context of our mandate under The UK Infrastructure Bank Act 2023, which allows NWF to lend directly to local authorities for projects that deliver on NWF's statutory objectives, specifically the transport priority sector for this project, including its strong link to the promotion of economic growth. The project is now visible to senior management through inclusion in our pipeline of potential projects and we will continue to assess the project as more information becomes available.

We envisage that there is sufficient time available to enable us to complete our 3-stage governance process and, following a decision on the Development Consent Order, allow formalisation of the necessary loan documentation to support the planned date for commencement of works. Our approval and governance process, and associated timescales for the project are anticipated to be:

- Stage 1: New Deal Forum and completion of a 'Do No Significant Harm Assessment' against NWF's Net Zero objective. Stage 1 approval and passing the 'Do No Significant Harm Assessment' allows us to commit resources to undertake due diligence on the Local Authority and the project as part of Stage 2. We would expect to undertake this work from January to March 2025.
- Stage 2: Early Engagement Committee. This stage involves undertaking and documenting the due diligence on the Local Authority's financial position and the project and developing the structure of the loan further. Should the project progress through Stage 1, we would expect to undertake this work from April to June 2025.
- Stage 3: Investment Committee. This stage involves further development of the loan structure through the loan documentation. Should the project progress through Stages 1 and 2, we would expect to undertake this work from July to August 2025. Following completion of Stage 3, some further activities are required in order to reach loan signature by both parties. This activity normally takes place without returning to our formal governance committees.

The GCC team has indicated that a loan facility of £81m or more may be required in respect of the project. Any amount of loan facility to be offered will be subject to NWF's due diligence on the project and the Council's ability to repay the loan. However, in terms of our capacity, NWF has up to £4bn to lend to local authorities, and for example, we have recently worked with Denbighshire County Council to provide lending of £90m to support projects being delivered by them.

As discussed, NWF is also able to offer loan facilities with flexible drawdown terms, which for the project would enable the facility to be agreed during 2025 with drawdowns typically available at agreed points during the construction period. This provides councils (and other project partners) the necessary confidence that they can honour contractual commitments necessary to commence the works whilst only incurring interest costs from the point each tranche of the loan facility is drawn. Equally, our repayment terms can be flexible with various loan tenors and repayment structures being available. In this context we have discussed potential different lending approaches including an interest-only payment option (with capital repayable at maturity) or a capital and interest repayment option over a 15 year term, with shorter or longer terms being possible to better meet the Council's and project requirements.

Our lending is subject to our normal due diligence for local authority infrastructure projects, our investment committee approval and agreed loan documentation.

Good luck in progressing with the project and we look forward to discussing this further with you and the GCC team.

Kind regards, Iain



Iain Watson
Director of Lending
Local Authority Advisory & Lending

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