

A46 Coventry Junctions (Walsgrave) Scheme number: TR010066

4.2 Funding Statement

Regulation 5(2)(h)

Planning Act 2008

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

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The Infrastructure Planning
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The A46 Coventry Junctions (Walsgrave)
Development Consent Order 202[x]

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 A46 Coventry Junctions (Walsgrave) (the "Scheme"). A detailed description of the Scheme can be found in Environmental Statement (ES) **Chapter 2 (The Scheme) (TR010066/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' (then Highways England) Licence (See **Appendix A** of this Statement) if required, and therefore that funding is no impediment to the delivery of the Scheme and in particular 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 (**TR010066/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 £143.5 million, ~~(figure to be confirmed, we are not currently able to disclose due to ongoing development of costs)~~, including allowances for risk and inflation at the date of application. This estimate includes all costs to deliver the Scheme from options appraisal stages through to the opening for traffic.
- 2.1.2 The Scheme estimate 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.
- 2.1.3 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.
- 2.1.4 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 (**TR010066/APP/4.1**).
- 2.1.5 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.
- 2.1.6 The scheme 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 RIS.

3.1.2 It should be noted that the 'A46 Coventry junction upgrade' (as referenced in Road Investment Strategy 1: 2015 – 2020), was originally intended to consist of works to both Binley and Walsgrave junction as one scheme. However, the decision was taken in 2016 to take a phased approach to delivery, and these became two separate schemes. The first, Binley junction upgrade, was consented by Highways Act Order on 8 August 2019 and opened for traffic in November 2022.

Road Investment Strategy: for the 2015/16 – 2019/20 Road Period

3.1.3 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 Highways England (now 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).

National Highways (then Highways England) Delivery Plan 2015-2020

3.1.4 The funding commitment was reiterated in the National Highways (then Highways England) five-year Delivery Plan 2015 - 2020, which was published in March 2015, and in subsequent annual delivery plans. Extracts from these are provided at **Appendix C** of this Statement. A summary of the extracts are as follows: The A46 Walsgrave scheme was announced in December 2014. Provide access along the A46 to further residential developments and key employment sites near Binley and Walsgrave.

Road Investment Strategy 2: 2020–2025

3.1.5 On 11 March 2020, the Government published its second Road Investment Strategy for the period 2020-2025 (RIS2). RIS2 commits the Government to spending £27.5 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).

National Highways (then Highways England) Delivery Plan 2020 – 2025

3.1.6 The funding commitment was reiterated in the National Highways (then Highways England) five-year Delivery Plan 2020 - 2025, which was published in

August 2020. An extract from this is provided at **Appendix E** of this Statement. A summary of the extracts is as follows:

- National Highways committed to delivering the A46 (Walsgrave) scheme to support regional growth. This scheme along with others in the Midlands will increase capacity, improve the consistency of the roads and relieve congestion.

Conclusion

- 3.1.7 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' 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 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 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 (then Highways England)

License

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.

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 an 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:
 - a) An assessment of the current state of the network and user needs from it;
 - b) Potential maintenance and enhancement priorities; and
 - c) Future developmental needs and prospects.
- 6.8 In producing a SRN Initial Report, the Licence holder must:
- 6.9 Comply with the timetable set by the Secretary of State;
 - a) Take account of the evidence developed through the preparation of route strategies, as required at 5.13; 19
 - b) Consider the need for effective integration between the Licence holder's network and the rest of the transport system;

- c) Engage with and take account of the views of relevant local and national stakeholders, including those organisations or groups identified at 5.18;
- d) Engage with and take account of the views of Transport Focus and the Highways Monitor;
- e) 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
- f) Publish the SRN Initial Report.
- g) 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.
- 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:

- 6.17 Clearly indicate whether the Licence holder agrees to the proposals in the Draft RIS, or make counter-proposals;
- 6.18 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;
- 6.19 Engage with and take account of the views of the Highways Monitor;
- 6.20 Submit the Draft SBP to the Secretary of State within the specified timescales.

Step 4: The Efficiency Review

- 6.21 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.
- 6.22 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

- 6.23 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.
- 6.24 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.
- 6.25 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.
- 6.26 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

- 6.27 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.

- 6.28 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

- 6.29 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.
- 6.30 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.
- 6.31 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

- 6.32 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.
- 6.33 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.
- 6.34 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

- 6.35 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.
- 6.36 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.

- 6.37 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.
- 6.38 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.
- 6.39 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.
- 6.40 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

- 6.41 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.
- 6.42 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.
- 6.43 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. 23
- 6.44 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.
- 6.45 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.

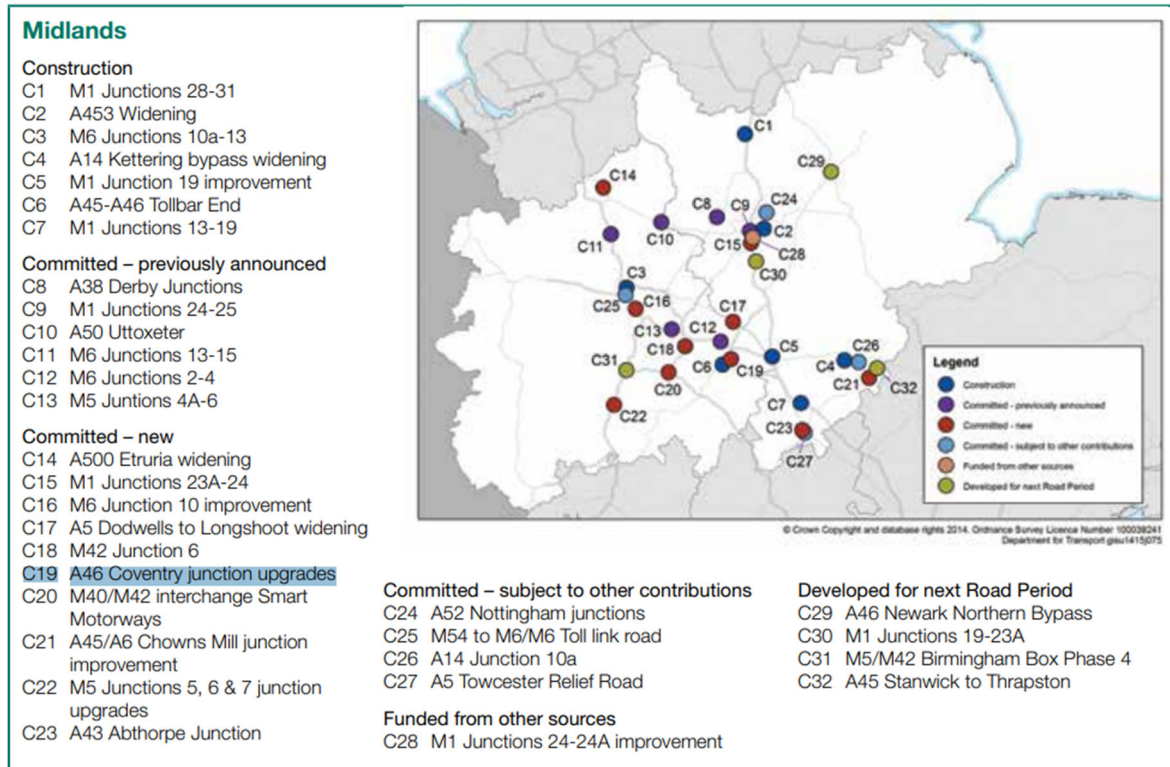
- 6.46 Following the publication of revised proposals, the Secretary of State, the Licence holder and the Highways Monitor will follow the standard process for determining and agreeing a final RIS, SBP and Delivery Plan, as set out at 6.14 to 6.24, above, in accordance with the timetable set by the Secretary of State under 6.41.

Appendix B

Extract from Highways England (now National Highways) RIS1 (2015 – 2020)

Link here:

<https://assets.publishing.service.gov.uk/media/5a80ef47e5274a2e8ab52fed/ris-for-2015-16-road-period-web-version.pdf>



Above screenshot taken from page 99 RIS 1

- **A46 Coventry junction upgrades**
– grade separation of the Binley and Walsgrave roundabouts on the A46 near Coventry, upgrading the trunk road sections of the A45 and A46 between the M6 and M40 to full Expressway standard.

Screenshot taken from page 101 RIS 1

Appendix C

Extracts from Highways England (now National Highways) Delivery Plans (2015 – 2020)

Link here:

<https://assets.publishing.service.gov.uk/media/5a80ef47e5274a2e8ab52fed/ris-for-2015-16-road-period-web-version.pdf>

3.1.4 Schemes announced in December 2014

This funding will also enable the company to take forward the new schemes that were announced last December.

Exact timings are yet to be confirmed but we plan to start construction within the period on all 49 projects which will deliver around £1bn of investment by the end of 2019/20.

Below we set out a summary by region of these investments, what we plan to start over the course of RP1 and the benefits we anticipate they will create.

Screenshot taken from page 20 of the Highways England Delivery plan 2015 – 2020

Midlands

Thirteen schemes to start construction will:

- Increase capacity on the M1 by extending the Smart motorway planned between East Midlands Airport and the Nottingham junction
- Improve connections on the M5 between Droitwich and Worcester to facilitate housing and economic growth
- Improve connections on the A14 near Kettering to support the delivery of the Kettering East Sustainable Urban Extension
- Provide access along the A46 to further residential developments and key employment sites near Binley and Walsgrave.

Screenshot taken from page 21 of the Highways England Delivery plan 2015 – 2020

Extract from Highways England (now National Highways) Delivery plan 2019 – 2020

Link here:

<https://assets.highwaysengland.co.uk/Corporate+documents/Delivery+Plan+2019-20.pdf>

Dear,		
Junction improvements	A46 Coventry junction upgrades ⁶¹	Upgrading the roundabouts at Binley and Walsgrave to provide grade separated junctions on the A46; upgrading the trunk road sections of the A45/A46 between the M6 and M40 to Expressway standard.

Screen shot taken from 2019 to 2020 Delivery Plan page 22

Appendix D

Extract from National Highways (then Highways England) RIS2

Link here:

<https://assets.publishing.service.gov.uk/media/5ffb39808fa8f56405c5f5bf/road-investment-strategy-2-2020-2025.pdf>

A46 Coventry Junctions – grade separation of the Binley and Walsgrave roundabouts on the A46 near Coventry, upgrading the trunk sections of the A45/A46 between the M6 and M40 to a consistent standard.

Screenshot taken from page 104 of RIS 2

Appendix E

Extract from National Highways (then Highways England) Delivery Plan 2020 – 2025

Link here:

<https://nationalhighways.co.uk/media/vh0byhfl/5-year-delivery-plan-2020-2025-final.pdf>

Improving facilities and supporting economic growth

We are committed to delivering schemes which support regional growth. In the second road period, we will add north-facing access from junctions 10a to 11 on the M54 to M6 link road. This will support local economic growth by relieving congestion and improving facilities for customers and communities.

Near Coventry, we will continue work on the A46 Binley and Walsgrave roundabouts and upgrade the A45/A46 trunk road sections between the M6 and M40. Together, these will increase capacity, improve the consistency of the roads and relieve congestion to support the growing local economy. We will also widen the A500 between Wolstanton and Porthill junctions, which will support the Etruria Valley development.

Screenshot taken from page 19 of the National Highways (then Highways England) Delivery plan 2020 – 2025