



Department for Transport

From the Permanent Secretary

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30 September 2020

Meg Hillier MP

Chair of the Public Accounts Committee

[Sent via email]

Dear Chair,

Public Accounts Committee report on Transport infrastructure in the South West June 2019

In its report on Transport Infrastructure in the South West published on 3 July 2019, the Public Accounts Committee requested the Department and Highways England write in response to the following recommendation under conclusion 2:

The Department and Highways England should write to us in six months with an update on the Stonehenge tunnel and A358 projects, including updated cost estimates, risk assessments, and an up to date schedule and confirmation of the latest planned open to traffic dates.

A303 – Stonehenge Tunnel (Amesbury to Berwick Down)

At the PAC hearing in June 2019, Highways England's CEO confirmed that funding certainty for the project to progress to the next stage of procurement was required by the end of 2019.

Following the PAC hearing there was an exchange of letters between Highways England's CEO and DfT Permanent Secretary, confirming that funding certainty was on the critical path and should this not be given by the 17 January 2020, Highways England would need to conduct a full re-plan of the project.

Due to the election and delay to the expected budget/statement on infrastructure spend, funding certainty was not provided by 17 January, and, as a result, the abovementioned re-planning exercise took place. The exercise assumed that funding certainty would be provided in the March 2020 budget, which was duly confirmed as part of RIS2 funding settlement in March 2020 when Highways England was allocated £1.4bn for A303 (Stonehenge) between 2020 and 2025.

The results of this re-plan were discussed between Highways England and DfT as part of normal project governance arrangements. However, before the impact of the re-plan on cost and schedule could be formally reviewed by the DfT Investment Portfolio and Decision

Committee (IPDC), it was announced that the DCO decision deadline expected in April 2020 would be extended until July 2020.

In July 2020, the Secretary of State announced a second extension to the DCO decision deadline. This was to allow comments and further information in relation to recent archaeological discovery to the north-east corner of the World Heritage Site and located outside the scheme's red line boundary. The Secretary of State set a new DCO programme and is now expected to make the DCO decision on the 13 November 2020.

As a result, a further re-plan of the scheme has been required. Once completed the outcome will be submitted for approval to the Department's investment committee, Ministers and HM Treasury. Work on assessing the impacts of the second DCO delay has commenced and we anticipate starting formal governance approval in early 2021 for the revised cost and schedule baseline following a favourable DCO decision in November 2020.

Given the ongoing uncertainty around the result of the planning extensions, we suggest we defer our next update to the PAC until Spring 2021 to allow us to fully update the Committee on the revised project cost, schedule and risk following the DCO outcome and agreement with DfT and HM Treasury.

A358 Taunton to Southfields ("the scheme")

At the time of the PAC hearing in June 2019, this scheme was also subject to some funding uncertainty. This was subsequently approved on 17 June 2020 following the scheme's addition to the Tier 1 portfolio and completion of a review by HM Treasury.

Highways England are currently negotiating the appointment of a Delivery Partner (anticipated to be late 2020) and agreeing the new delivery costs and schedule with them. The scheme is confirmed in Highways England's Delivery Plan for 2020-25 published in August 2020, with a Start of Works date of 2024-25. The revised costs and schedule for the project will be presented to DfT and HMT in early in 2021 through the standard governance arrangements.

The preferred route was announced in June 2019, and we plan on holding the next round of public consultations in 2021.

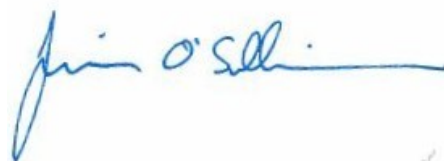
We propose that the PAC is given an update for this scheme at the same time as the Stonehenge Tunnel update in Spring 2021.

I hope the Committee is content with this proposed way forward.

Yours sincerely,



Bernadette Kelly CB
Permanent Secretary



Jim O'Sullivan
Chief Executive