



Department for Transport

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From the Permanent Secretary

Meg Hillier MP

Chair of the Committee of Public Accounts

Dear Meg,

**Re: Public Accounts Committee report on Rail management and timetabling
December 2018**

In its report on Rail management and timetabling published on 13 February 2019, the Public Accounts Committee requested the Department write in response to the following recommendation under conclusion 6:

Within three months of this report, the Department and Treasury should write to the Committee clearly outlining the range of financing structures available to fund the A303 Stonehenge tunnel and Lower Thames Crossing projects, how this will affect the budget of £25.3 billion for Road Investment Strategy 2 (RIS2) funding, what the effect will be on other road projects in RIS2 and how it will appraise the cost and risk implications of these options to protect the public finances over the long-term. In particular, now that these projects will not receive any PF2 funding.

The Department and Highways England worked with HM Treasury through 2019 to secure the most appropriate public funding solution for the A303 Amesbury to Berwick Down (Stonehenge Tunnel) and Lower Thames Crossing projects.

Initially the Department expected this to be resolved in the Spending Review in 2019. Following the decision not to proceed with the SR, this was concluded in the Budget published on 11 March 2020. In that Budget, the Chancellor of the Exchequer approved £27,358m of funding between 2020 and 2025 for Highways England to deliver RIS2. This figure exceeds the expected £25.3bn envelope announced at Budget 2018, with an additional £720m for the Lower Thames Crossing and £1.4bn for the A303 (Stonehenge), following the retirement of Private Finance 2.

The additional funding has enabled the Department and Highways England to manage the impact on other road projects in setting RIS2, so that existing RIS1 schemes can be completed and work on five new enhancement projects can begin.

Yours sincerely,

Bernadette Kelly CB
Permanent Secretary