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Transport infrastructure in the South West

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to the report*

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The Committee of Public Accounts

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Summary

After several failed attempts, the government believes that it now has a Stonehenge tunnel scheme that is affordable, deliverable and has the support of heritage and environmental bodies. However, decisions on how to fund the project are on the critical path for the planned opening date of 2026 and are now at the mercy of the much-awaited Spending Review. Delaying those decisions further will jeopardise the opening date. The Stonehenge tunnel project, expected to cost around £1.7 billion (excluding VAT), is a key part of the government's plans for the A303 road corridor. The Department and Highways England expect it to deliver significant heritage benefits as well as easing road congestion. Yet the Department and Highways England do not yet have a clear idea of what improvements they are expecting to see at the World Heritage Site and the surrounding area. The Department and Highways England aspire to upgrading the whole A303 road corridor to dual carriageway standard to improve connectivity and support economic growth in the South West. However, it is not yet certain that all eight road improvement projects needed to do this will go ahead. So far, the Department has only committed to starting three out of the eight projects required along the route. With improvements to only some parts of the road corridor, traffic congestion is likely to be eased at some points but pushed to other sections of the road. Similarly, the contribution of any one project to enabling growth in jobs and housing is undermined if neighbouring projects to provide a free-flowing and reliable road connection are not given the go-ahead.

It will be extremely challenging to deliver the South West road improvements to cost and time, and the Department does not have a good track record in delivering major projects. The region needs a properly integrated transport strategy, going beyond road to incorporate rail, sea and air, but the bodies tasked with delivering this strategy are still very immature.

Introduction

In its 2014 Road Investment Strategy the Department said it aimed to upgrade the entire A303 and A358 road corridor to dual carriageway standard over the next 14 years, through eight individual projects. It committed £2 billion to starting three of these projects, including the A303 between Amesbury and Berwick Down, by March 2020. The A303 and A358 road corridor has more than 35 miles of single carriageway, with high levels of traffic and slow and unreliable journeys. Congestion is highest on the section of road by Stonehenge. The Amesbury to Berwick Down (or ‘Stonehenge tunnel’) project involves building a tunnel of 3.3km (just over 2 miles) beneath the World Heritage Site at Stonehenge. The Department and Highways England expect the project to reduce congestion, improve the setting of the World Heritage Site and support economic growth in the South West of England. The Amesbury to Berwick Down project is still at an early stage of development, and Highways England has yet to begin procuring contractors. However, the Department and Highways England have undertaken extensive preliminary work on site and consultation with stakeholders, leading to an expected cost range of £1.5 billion to £2.4 billion (including VAT). The Department and Highways England expect the upgraded road section to be open to traffic by December 2026.

Conclusions and recommendations

1. **If uncertainty about funding is not resolved before 2020, the timetable and viability of Stonehenge tunnel project will be put at risk.** The Stonehenge tunnel project was to be financed under the PF2 private finance initiative but in October 2018, the Chancellor cancelled future private finance deals, including for this project. The Department says that it and HM Treasury remain committed to the project and the Treasury has released funding of £21.5 million during 2019–20 to allow the project to keep going. However, the Department does not expect to fund the project from its £25.3 billion draft funding envelope for the second Road Investment Strategy (2020 to 2025). It intends to make a case to HM Treasury for additional funding for the project as part of the next Spending Review, the timing of which is still uncertain. The Department says that only having a one-year settlement would raise questions about whether the scheme could continue to the same timeframe. Highways England says that it must have funding certainty by the end of the year if it is to begin the commercial process to find a construction contractor in the first quarter of next year and keep to its 2026 target opening date. It says that without funding clarity, potential suppliers will not be willing to incur the high bidding costs involved. The Department's view is that "if we want this scheme to continue, and to continue in a sensible and efficient way to the current project timeframe, we cannot wait another year, or however long it takes to carry out a spending review."

Recommendation: *The Department and Highways England must plan for what alternative funding arrangements or delivery plans it could put in place, in the event that HM Treasury does not confirm longer term funding by the end of the year.*

2. **It will be extremely challenging to deliver the South West road improvements to cost and time. The Department does not have a good track record in delivering major projects.** Decisions on how to finance the Stonehenge tunnel project have already delayed it by two years and the timetable looks very challenging. We understand that between now and 2021, when construction is scheduled to start, as well as getting clarity over funding, Highways England must also obtain the necessary planning consents, negotiate with contractors to find a preferred supplier and complete the detailed design for the project. Highways England and the Department are nonetheless confident that they can deliver the Stonehenge Tunnel project by 2026 and the A358 Taunton to Southfields project, for which the preferred route announcement is at least six months late, by March 2025. They are similarly confident that they can deliver the projects within budget. Given the Department's performance on other major projects in recent years, for example Crossrail, where costs have overrun to the tune of nearly £3 billion and the timetable extended by at least one year, we are more cautious.

Recommendation: *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.*

3. **The Department and Highways England do not yet have a clear picture of what improvements they are expecting for the World Heritage Site and the surrounding area.** The Stonehenge tunnel project has both heritage and transport benefits. Despite heritage benefits making up 73% of total business case benefits, the Department for Transport is funding the project. By removing much of the road from view, the Department and Highways England plan to help conserve and enhance the World Heritage Site and make it easier to reach and explore. For such a large investment in one of the World's greatest heritage sites, we expect there to be innovative schemes for encouraging more people to visit the site and the surrounding areas. Yet the Department could not point to any specific plans for what tangible benefits visitors and local people who live near the site are likely to see.

Recommendation: *Within 3 months the Department and Highways England should set out how they will be working with Historic England, English Heritage, the National Trust and wider stakeholders to develop plans for making the most of improvements to the World Heritage Site and local area, and set out when the public will be able to view these plans.*

4. **The Department and Highways England's piecemeal approach to upgrading the A303/A358 makes it more difficult to demonstrate value for money across the whole road corridor.** In 2014, in its first five-year Road Investment Strategy, the Department made a long-term commitment to upgrade the A303/A358 corridor to a dual carriageway over the following fourteen years. The Department now describes its plans for the entire A303/A358 corridor as an aspiration rather than a commitment. It committed £2 billion to starting three projects at Stonehenge, Sparkford and Taunton, out of a total of eight needed, by March 2021. The Department and Highways England expect the impact from completing the whole corridor to be greater than the sum of its parts but they have not produced a programme level business case to demonstrate this. Instead, each project's business case must stand on its own merits and will be considered alongside other priorities across the country. However, considering business cases for the five uncommitted projects individually, rather than as part of a programme, may mean that some projects are not approved. If they are not all approved, the Department will struggle to deliver its strategic ambitions to deliver a free-flowing route to the South West and unlock growth in jobs and housing. Furthermore, congestion relieved on one section of upgraded road may simply be pushed along to the next section of single carriageway. The Department agrees that it would be sensible to follow a more programmatic approach when considering value for money, for example, in setting clear objectives for the corridor, sequencing the individual projects and in capturing and managing corridor-level benefits.

Recommendation: *The Department and Highways England should set out how assessment of business cases for individual projects will take account of benefits which depend on the completion of other projects which may or may not be subsequently approved.*

5. **The sub-national transport bodies in the South West are not yet mature enough to develop or implement an integrated transport strategy for the region.** The Department's recent publication 'Investing in the South West' is more of a list of projects that are already planned or underway than a strategy. The Department says

that it will be for the newly established sub-national transport bodies in the South West, Peninsula Transport and Western Gateway, to determine a transport strategy for the region, with the Department's support. It expects these bodies to bring together the economic expertise of the LEPs with transport planning expertise to help deliver an economic vision for the region. The South West bodies are less than a year old, they have not yet approached the Department for funding and it could be some time before they are able to deliver a strategy and carry out real value-added functions on behalf of the whole region.

Recommendation: *The Department should set out how it will support and monitor the development of sub-national transport bodies in their efforts to deliver an effective integrated transport strategy for the South West.*

6. **While the government is committed to building a new sea wall at Dawlish and other elements of the South West Rail Resilience Programme, there remains much to be resolved in respect of the nearby work required to protect the railway line.** In February 2014, when flooding in the South West of England washed the seawall supporting the railway line at Dawlish into the sea, the then Prime Minister promised that money was no object in the relief effort. Four years later, the Department announced up to £80 million of further funding for a long-term solution at Dawlish and we understand that work to build a higher seawall is now underway. However, there are local concerns about the height of the wall and it is not clear what impact this will have on the project. There are also other aspects of the wider South West Rail Resilience Programme to finalise, and which are subject to local consultation, obtaining the relevant consents, and producing a robust business case for the works.

Recommendation: *The Department should write to us by the end of December 2019 with an update on progress with the South West Rail Resilience Programme, how it is working to resolve any local disagreements and the latest schedule for completion.*

1 Improving the South West road corridor

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Transport (the Department) and Highways England about plans to improve the A303 and A358 road corridor in the South West of England and about other transport infrastructure issues in the region.¹

2. In its 2014 Road Investment Strategy the Department said it aimed to upgrade the entire A303 and A358 road corridor to dual carriageway standard over the next 14 years, through eight individual projects. The corridor has more than 35 miles of single carriageway. There is more traffic on the road than the single carriage way sections are designed for, resulting in high levels of traffic and slow and unreliable journeys. Congestion on the section of road between Amesbury and Berwick Down, where it passes Stonehenge, is particularly acute. Local authorities and businesses along the route consider poor road connectivity to be a major barrier to economic growth in the region. The Department committed £2 billion to starting three of the eight projects, including the A303 between Amesbury and Berwick Down, which forms part of the road corridor where Stonehenge is located, by March 2020.² Figure 1 shows the eight projects required to upgrade the A303/A358 corridor.

3. The Amesbury to Berwick Down (hereafter the ‘Stonehenge tunnel’) project involves building a tunnel of 3.3km (just over 2 miles) beneath the World Heritage Site at Stonehenge. The Department and Highways England objectives for the project include:

- Economic growth: to enable growth in jobs and housing by providing a free-flowing and reliable connection between the South East and the South West;
- Transport: to create a high-quality and reliable route between the South East and the South West that meets the future needs of traffic;
- Cultural heritage: to help conserve and enhance the World Heritage Site and make it easier to reach and explore, by removing most of the road from the site; and
- Environment and community: to improve biodiversity and provide a positive legacy for nearby communities.³

4. The Stonehenge tunnel project is still at an early stage. The expected range of costs is £1.5 billion to £2.4 billion with a most likely cost of £1.9 billion (including VAT), and the Department and Highways England expect the upgraded road section to be open to traffic by December 2026.⁴

1 C&AG’s Report, [Improving the A303 between Amesbury and Berwick Down](#), Session 2017–19, HC 2104, 20 May 2019

2 C&AG’s Report, paras 2, 3

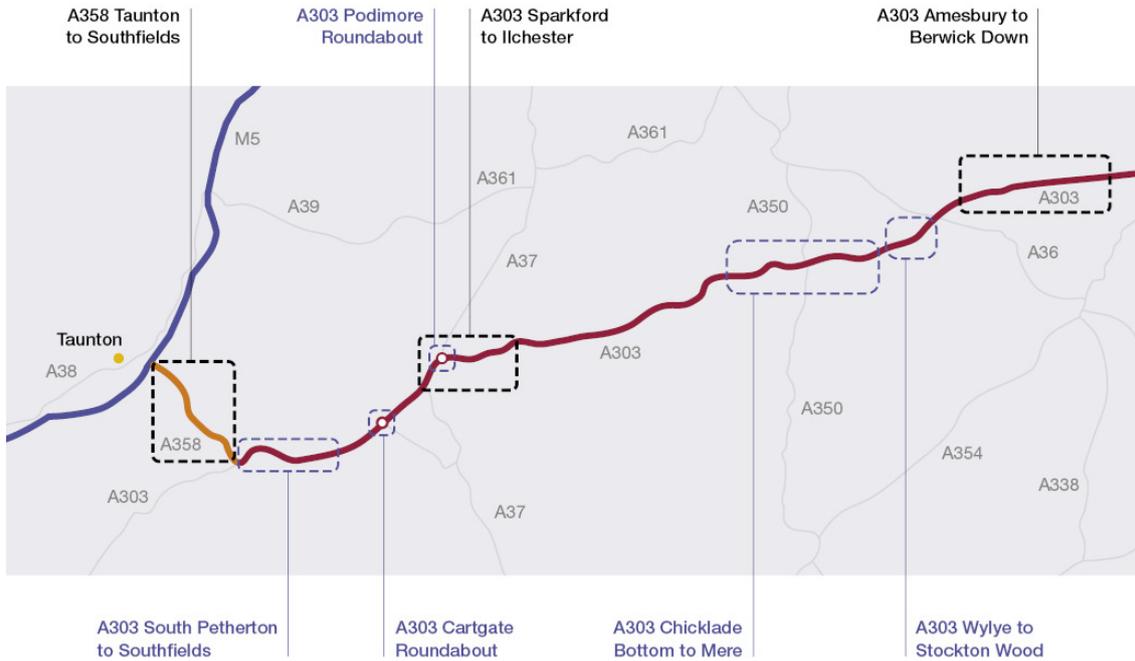
3 C&AG’s Report, paras 1, 4, 7

4 C&AG’s Report, paras 5, 14

Figure 1

The eight projects required to upgrade the A303/A358 corridor

The Department for Transport has prioritised three projects for the first Road Investment Strategy (RIS)



- Project committed in the first Road Investment Strategy
- Project expected in future Road Investment Strategies
- A303
- A358
- A-Road
- M5
- Roundabout
- Town

Source: National Audit Office

Funding the Stonehenge tunnel project

5. The ‘Stonehenge tunnel’ project in its current form was originally to be publicly financed, subject to approval of the business case. In October 2016 HM Treasury instructed the Department to use private finance, which delayed the planned start of works by 21 months from March 2020 to December 2021. In October 2018 the Chancellor of the Exchequer cancelled future private finance deals under the PF2 programme, including for the Stonehenge tunnel project. At the time the government set the £25.3 billion draft funding package for the second Road Investment Strategy (covering 2020 to 2025) the Department had expected the project to be privately financed. The government has released £21.5 million of enabling works funding in advance of business case approval to support the project in keeping to its 2026 target opening date.⁵

6. The Department said that both it and the Treasury have made it clear that they remain committed to this project, and indeed to the Lower Thames crossing project which was also to have been funded under PF2. It said that the funding will need to be resolved in

the forthcoming Spending Review and that it would make a strong case for these schemes to be funded in addition to the RIS 2 funding envelope. But the Department stressed that this would ultimately be a matter for determination in the Spending Review.⁶

7. Highways England told us that it was funded this financial year with all the money needed to progress the scheme in that period. However, it said it had made it clear to the Department that even with approximately £50 million that it will need next financial year to keep the project going, it needed clarity on the funding before the end of the year. It said it needed this for two reasons: first, in order to engage with the market, as the procurement would involve significant costs on the side of the supply chain and it needed to go to the market with an engagement notice towards the end of the year; and second, that it had been almost impossible to prepare a Development Consent Order (DCO) without funding clarity. Highways England confirmed that, until funding decisions are made, the (DCO) process and other work was continuing as if the project were going to be funded.⁷

8. The Spending Review has already been delayed, and we drew attention to the Chief Secretary to the Treasury's recent comments that there may be further delay.⁸ The Department said that, recognising the political uncertainties, it (a three-year spending review) might not ultimately be possible at this time. The Department said that a one-year settlement is not out of the question, but that this was not the formal position of the Government at the moment. But if it were the position then it would need to have a conversation with the Treasury about whether to ask Highways England to continue to make progress on the scheme to the same timeframe on the understanding that it would be funded. The Department said that "if we want this scheme to continue, and to continue in a sensible and efficient way to the current project timeframe, we cannot wait another year, or however long it takes to carry out a spending review."⁹ Highways England reiterated the need for a funding decision by the end of the year, so that it could engage with the market in the first quarter of next year and suppliers could in turn engage with a high degree of confidence that the project would go ahead.¹⁰

Delivering within budget and on time

9. As stated earlier, the expected range of costs for the Stonehenge tunnel project is £1.5 billion to £2.4 billion, and the Department and Highways England expect the upgraded road section to be open to traffic by December 2026.¹¹ Key risks that the Department and Highways England will need to manage include:

- Failure of the development consent order application. Highways England applied to the Planning Inspectorate in October 2018 for consent, which is not guaranteed;
- Archaeological risks. There remains a risk that as yet unidentified sites of interest may be discovered during construction;

6 Q 67

7 Q 70

8 Q 71; Select Committee on Economic Affairs, [oral evidence on the spending review](#), Tuesday 4 June 2019 (Q 2)

9 Qq 71–73

10 Qq 83–84, 87

11 C&AG's Report para 5

- Construction risks, both geological and engineering. For example, the discovery of further phosphatic chalk deposits, of unstable cavities, or the ground level sinking excessively as a result of tunnelling below; and
- Capability and capacity risks.¹²

10. The Department told us it had learned from experience on other projects that it was sensible at this stage of development to have a cost range for a project of this scale, rather than to fixate on a single number, given the level of uncertainty. That said, it and Highways England also said they had a most likely delivery cost for the Stonehenge tunnel of £1.9 billion, or £1.7 billion excluding VAT. The Department said it had every reason to believe that was “a sensible, prudent but robust estimate at this point, in particular, because a huge amount of work has gone in over five or six years.” The Department highlighted work over recent years to understand the nature of the scheme, establish the scope and gain independent assurance.¹³ It added that it had learned that a scheme is only deliverable if it meets three distinct success criteria: first, it has to be affordable; second, it has to have a sensible economic case; and third, it has to have the support of the environmental bodies that look after the site. “What is very different about this scheme, compared with the experience of the last 20 years, is that we have all those three things in place. We are in a unique position to deliver something successful.”¹⁴

11. On skills and capacity, Highways England said that, in the four years since Highways England was formed, it had done a great deal of work in upskilling to be able to deliver complex projects. It had formed a complex infrastructure projects division and recruited people with relevant skills from the private sector. It said it had 1,000 more people now with commercial, programme management and engineering skills than it had four years ago, and also used external advice where needed.¹⁵ Highways England added that it had changed many of its contracting arrangements for the next Road Investment Strategy period and was in “a very good place in terms of having the contracting skills to do this”.¹⁶ It said it would draw on its experience of the A14, which it said has been held up as best practice on contracting for a major infrastructure project, in setting up and delivering the contract.¹⁷

12. On cost, Highways England said that the upper end of the range, £2.4 billion was becoming less likely as time went on, because it knew that some of the risks included would not materialise or were now more unlikely to materialise. The Chief Executive commented “I intend to build it for £1.7 billion.”¹⁸ Highways England added that it considered £1.7 billion to be a robust cost estimate because it had people on site and had done a great deal of geotechnical work, understanding the water table, geology and much of the archaeology. “We are confident that we have a good programme and a good budget for this.” Highways England said it was satisfied that the surveys it had done were sufficiently complete that it was not going to find any unexpected surprises.¹⁹

12 C&AG's Report para 3.11

13 Q 43

14 Q 50

15 Q 44

16 Q 81

17 Q 77

18 Q 45

19 Qq 75, 76

13. The Department added a slight note of caution, commenting that while “the scheme is well planned and the timetable set out for it is credible and deliverable”, with projects of this complexity one could never be 100% certain that all will go exactly to plan. It said it would ensure that fixation on dates does not cause perverse outcomes, but there is no reason to suppose that delivery dates could not be met.²⁰ The Crossrail programme has highlighted how early fixation on a challenging timetable can result in further delays and cost escalation as work is done in parallel to attempt to meet the expected deadline.²¹ As we reported in April this year, costs on Crossrail have overrun to the tune of nearly £3 billion and services on the central section will be delayed by at least a year.²²

14. In October 2018, Highways England applied to the Planning Inspectorate for development consent for the Stonehenge tunnel. An application begins a review period for the public and other interested parties to comment on the proposals. The Planning Inspectorate will advise the Secretary of State for Transport on whether to proceed.²³ Highways England confirmed that its Development Consent Order (DCO) work was complete. The Department said it expected the Planning Inspectorate to have done its work by the end of October 2019. The project has support in principle from stakeholders such as the National Trust and English Heritage, and the Department said that the huge amount of work already done with environmental bodies should stand the DCO process in good stead. Nevertheless, there remains a risk that certain aspects may still be challenged by those stakeholders or other interested parties during the Planning Inspectorate’s review.²⁴ The UNESCO World Heritage Committee has voiced concerns about the current project and made proposals including the option of a longer tunnel. The Department acknowledged the importance of the UNESCO perspective, but said it was disappointed with UNESCO’s position, pointing to the need for Government to consider affordability and that the extra tunnelling would increase costs by around £1.2 billion.²⁵ Highways England confirmed that, while it could do specification and scoping work now, detailed design work could only take place after the DCO process, when it would enter the next stage of ‘constructive dialogue’ with three or four major tunnel contractors.²⁶

15. The A358 project is one of the others committed to within the first Road Investment Strategy. The project is to upgrade the A358 to a dual carriageway between the junction with the A303 at Southfields roundabout and junction 25 of the M5 near Taunton.²⁷ Highways England confirmed that the project would be a year late because it had had to carry out a second public consultation. The first consultation had only considered one option, respondents had wanted to see more options, and as a result of the second consultation Highways England had moved to an option which gave a shorter route and better development opportunities in the area, but which was more expensive.²⁸ An announcement was due in autumn 2018 on the preferred A358 route and had still not been made at the time we took evidence. Highways England said that it would still expect the road to be open by summer 2024, as indicated previously, and certainly by the end of the second Road Investment Strategy period, which would be spring 2025. It explained

20 Q 77

21 C&AG’s Report, para 3.6

22 Committee of Public Accounts, [Crossrail: progress review](#), Session 2017–19, HC 2004, 3 April 2019

23 C&AG’s Report, para 3.11

24 Qq 79, 80; C&AG’s Report, para 3.11

25 Qq 51, 52; C&AG’s Report, paras 8, 1.17, 3.14

26 Q 78

27 C&AG’s Report, Appendix Three, para 4

28 Qq 100–103; C&AG’s Report, Appendix Three, paras 5, 6

that the advantage of not doing the schemes all as one programme was that the A358 could be taken as an independent scheme and should still be built irrespective of the fate of other schemes around it.²⁹

16. The first A358 option put out to public consultation had an estimated cost of £251 million. Highways England now estimates that it could cost up to £452 million.³⁰ It said that the A358 project had quite a low benefits to cost ratio and that it was “a difficult road to build”, but it had found ways to keep it affordable through a combination of reduced costs of new contracting arrangements and moving money across from other projects that had come in under budget.³¹ Highways England said that while it expects the A358 project to be more expensive than it originally expected, it was bringing its wider portfolio of projects in on or around budget.

17. We drew attention to concerns highlighted by Ian Liddell-Grainger MP about the vague figures quoted on the Highways England website for the A358 upgrade, and about why investment was not being made alternatively in the M5. Highways England agreed to engage directly with Mr Liddell-Grainger and to review whether its website properly reflected the latest cost position.³²

The benefits of the Stonehenge tunnel project

18. The high cost of building a tunnel, compared with widening or moving the road, means that under the standard method for appraising transport projects, the project would only deliver 31p of benefit for every £1 spent. Highways England therefore expanded its appraisal to include a monetary value for cultural heritage, to reflect the project’s wider objectives. At £955 million (2010 prices and discounted) these make up 73% of total monetised benefits. With these included, Highways England expects the project to deliver £1.15 of benefit for every £1 spent, which the Department considers low value for money. While Highways England has been clear about the traffic and heritage issues the project will address, it has set few clear quantitative measures with which it can assess the future success of the project.³³

19. Highways England told us that in its view the transport and heritage benefits were indivisible, and one had to accept that if you are to connect the south-west to the south-east, you have to handle Stonehenge in the most sympathetic, proactive, caring manner that you can. Its view was that the current project is the best answer for both what is an internationally recognised world heritage site and a strong economic need. The Department agreed, also stressing that the section of road was the most important part of the road corridor in terms of traffic congestion and bottlenecks.³⁴ The Department also said it was important in its view to take account of all the impacts of the scheme, directly transport-related or not, and was appropriate to construct the business case using an innovative approach to assessing the value of having the heritage asset better protected.³⁵

29 Qq 118–119

30 C&AG’s Report, Appendix Three, para 5

31 Qq 100, 104–107

32 Qq 114, 116, 117

33 C&AG’s Report, paras 9, 2.4

34 Qq 46, 48

35 Qq 56, 57

20. We asked about the Department supporting Highways England to work with other government departments, local authorities and heritage bodies to achieve the project's full benefit. The Department told us that the project had required very close working with a range of stakeholders, with relationships well established and that Highways England would want to continue with this throughout development and delivery of the project, and Highways England said it would continue to engage in that way.³⁶

21. We asked whether the Department and Highways England had come up with any innovative schemes to make it easy for people to visit and encourage as many visitors as possible to the World Heritage Site. The Department said that the way in which the scheme is designed—the green area over the top of the tunnels, the new access and landscaping—means the site will become much more accessible for both visitors and local people and make it a much more usable piece of public space. However, when we pressed for something more specific, we were not provided with examples. The Department said that some of the conversations (with stakeholders) were at a relatively early stage and told us that there was potential for really constructive conversations with all local partners. It said that it had a few more years to work through exactly what the plans for improvements would be.³⁷

The approach to upgrading the entire A303/A358 corridor

22. The Department and Highways England have chosen not to produce an overarching programme-level business case for the A303/A358 despite initial plans to create one. Instead, they will approve the eight projects individually. But each project on its own can only fully deliver strategic objectives as part of a completed A303/A358 corridor. If it does not complete all eight projects, the Department will struggle to deliver all its strategic objectives. Taking projects individually, Highways England currently considers the five uncommitted projects along the corridor as low to poor value for money, which may mean that other projects with better economic cases are prioritised.³⁸

23. The Department confirmed that it had no formal commitment to the remaining five projects and that they would be considered on a case-by-case basis during the course of the second Road Investment Strategy period (2020 to 2025). It said that it had been an “aspiration rather than a commitment” in the first Road Investment Strategy to have dealt with all eight by 2029.³⁹ The Department said that all eight projects had their own merits and need to stand or fall as independent projects, but also confirmed that there are programme-wide benefits which crystallise at the point when the entire corridor is dealt with.⁴⁰

24. The Department explained that a programme-level assessment done earlier had added something like £273 million of benefits to the whole. But the Department had chosen to treat them as individual projects to ensure they were taken in a sequence and time scale that was affordable, deliverable and value for money. Looking at each project on its own merits would allow them to be both responsive and flexible in delivering them. The Department referred to the NAO having made a sensible recommendation on programme-

36 Q 89

37 Qq 90, 91

38 C&AG's Report paras 10–12

39 Q 47

40 Q 55

level evaluation and consideration, which it needed to keep under close review.⁴¹ That recommendation covered the need to demonstrate value for money of investments along the A303/358, reflecting: clear, measurable objectives for the whole road corridor; clarity on sequencing; analysis and capturing of benefits; the need for investment in subsequent projects along the corridor; and transparency about the basis for approving projects that contribute to wider strategy.⁴² Highways England added that it had had to prioritise which projects across the country it would deliver over the next five years because: the total money available over that period is capped; it had to consider the road-building skills bases in each region; and road users would have a miserable time if work was being done simultaneously to several different stretches of the same road.⁴³

25. We challenged the Department and Highways England further on the risk of ending up with improvements to the complete road corridor only partially completed, and why the improvements were not being treated as one project with several parts, rather than as eight individual projects. The Department reiterated that government had “a broad ambition” to deliver all eight projects, while stressing the need to still consider priorities across the country. Highways England said it could not over-promise given the constraints of a five-year funding settlement and what it could deliver for that. It also said that the road user would get immediate and measurable benefit as each section of road, such as the Stonehenge tunnel, was opened.⁴⁴ Highways England also said that, if there were no barriers to delivering the eight projects, sensibly sequenced, the work might be delivered in five to ten years.⁴⁵ Highways England acknowledged that not doing all eight projects as one programme had certain disadvantages. But it also said that the advantage was that, once a project was approved it is an independent scheme that stands on its own merits, and should therefore still be built regardless of the fate of other schemes around it.⁴⁶

41 Q 61

42 C&AG's Report, recommendation b

43 Q 61

44 Qq 62, 63

45 Qq 65, 66

46 Q 119

2 Wider strategy for transport in the South West of England

Developing an integrated transport strategy

26. In February 2019 the Department published *Investing in the South West*.⁴⁷ We noted that the document was more a list of projects in the region rather than a strategy. The Department said that its publication was a good summary, drawing together the different investments in the region and had sought to paint a picture of how various investments taken together were trying to create a more integrated and better-connected region.⁴⁸ But the Department acknowledged that the question of whether it was a strategy document was a different matter. It described its approach as being to support the region in delivering its own strategy rather than having a central government strategy about the region.⁴⁹

27. The Department described how there were now two new sub-national transport bodies—Peninsula Transport and Western Gateway.⁵⁰ It told us that Peninsula Transport covers Cornwall, Devon and Somerset, and that Western Gateway covers the West of England Combined Authority, Bath and North East Somerset, Gloucestershire and Dorset.⁵¹ The Department wrote to us after the evidence session confirming which local authorities, LEPs and other bodies such as Highways England, Network Rail and Homes England were members of each of the two sub-national bodies.⁵² The Department told us that the sub-national bodies will look at the economic vision for the area and help it to understand how transport can help support that economic vision. It considered that to be a better way of answering the strategic question, rather than having that come from Whitehall—“not us doing a strategy for the south-west, but us helping the south-west do its own strategy.”⁵³ The Department also commented that the bodies were very new and still forming, less than a year old, and that it was expecting them to come to the Department with a proposal for funding and for a strategic planning process later in the year.⁵⁴

28. The Department further explained that the two sub-national transport bodies were collections of elected members from across the region who could offer a pan-regional perspective about connectivity across the region to help make sure that better decisions are made.⁵⁵ It said that Local Enterprise Partnerships (LEPs) were generally constituent members of the bodies and that LEPs have unique expertise in understanding what the economic vision is for an area and what practical steps need to be taken to realise that vision. It considered that the sub-national bodies were the right way to bring that expertise together with transport expertise and come up with a plan that delivers both at the same time.⁵⁶

47 Department for Transport, [Investing in the South West](#), 15 February 2019

48 Qq 133, 134

49 Q 135

50 Q 136

51 Q 145

52 [Letter from the Department for Transport](#), 11 June 2019

53 Q 135

54 Qq 144, 145

55 Q 136

56 Qq 141, 143

Improving resilience at Dawlish

29. Autumn and winter 2013 and 2014 saw the wettest period in the south of England for 250 years and led to flooding and widespread disruption. In February 2014, severe flooding caused 100 metres of Network Rail's sea wall at Dawlish to collapse into the sea leading to the closure of the mainline railway.⁵⁷ In April 2014, after eight weeks of repairs, the train line re-opened.⁵⁸

30. We asked about longer-term resilience, in particular the project to build a new sea wall at Dawlish, and whether work would carry on despite ongoing discussions between Teignbridge District Council and the town council about the height of the sea wall. The Department told us that it had announced £80 million of further funding for the project, that it understood contracts had been awarded and that the first phase of work was underway. It said that Network Rail had been working hard to ensure that stakeholder and local concerns about the height of the sea wall were being managed but that there was a balance to be struck between a sea wall that keeps the sea off the track and one that is no more visually intrusive than it needs to be for people who live in the area.⁵⁹

31. The Department told us it understood that Network Rail was announcing a consultation about treatment of the cliffs around Teignmouth and would be addressing local concerns.⁶⁰ Network Rail has now launched a public consultation on proposals to realign the railway line, which runs from 10 June to 15 July 2019.⁶¹

32. We asked about the status of other parts of the project in addition to the sea wall including the tunnels and the cliffs. The Department replied that the £80 million would not all be spent on the sea wall and that it understood that the cliffs would be addressed by £15 million of funding that was separate from and additional to the £80 million.⁶²

33. The Department wrote to us after the evidence session providing further information, which included that: the first phase of work funded by the £80 million, to build a new sea wall at Dawlish, stretches from Boat Cove/Kennaway Tunnel to the Colonnades and will be completed in early 2020; the second phase will extend the sea wall from Colonnades to Coastguard's Ramp, including Dawlish station, and will require local authority consent for any changes affecting the station, subject to which work is expected to start Spring 2020 and finish Spring 2021; and Network Rail is continuing to develop solutions for other elements of the South West Rail Resilience Programme, to be funded by the separate £15 million, including protection between the tunnels at Dawlish and from the cliffs at Teignmouth. The Department also stated that work between Teignmouth and Holcombe/Parsons Tunnel would require the submission of a Transport and Works Act Order (TWAO), and that Network Rail was currently consulting local communities as part of developing the TWAO application, with a view to submitting it next year. Funding for delivery of these further elements of the Resilience Programme will also be subject to production of a robust business case.⁶³

57 C&AG's report, [Strategic flood risk management](#), Session 2014–15, HC 780, 14 November 2014

58 Department for Transport, [PM attends reopening of the Dawlish railway line](#), 4 April 2014

59 Q 129

60 Q 130

61 Network Rail, [Parson's Tunnel to Teignmouth Resilience Project](#)

62 Q 130

63 [Letter from the Department for Transport](#), 11 June 2019

34. The report deals with the 8 projects along the A303/A358 corridor to improve the road connectivity into the South West. It therefore seems highly appropriate to consider other roads in other parts of the South West. The A417 is another important gateway into the South West because it links the M5 to the M4. The project would cut an HGV journey by up to half an hour when travelling between the M5 and M4. The Department assured us they are continuing with the preferred route consultation this summer and at the same time work will continue with the Development Consent Order process.⁶⁴

35. Gross Domestic Product per capita is lower in the South West than the UK average. The most recent year that we have full data for is 2017 when the region accounted for 7.2% of total UK economic output but had 8.4% of the population. As a largely rural area, further investment in its connectivity is vital to ensure the region continues to attract business and jobs so that it can thrive.

Formal Minutes

Monday 24 June 2019

Members present:

Meg Hillier, in the Chair

Sir Geoffrey Clifton-Brown	Layla Moran
Chris Evans	Anne Marie Morris
Shabana Mahmood	Lee Rowley
Nigel Mills	

Draft Report (*Transport infrastructure in the South West*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 35 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the one hundred and fourth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 26 June at 2:00pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Wednesday 5 June 2019

Bernadette Kelly, Permanent Secretary, **Patricia Hayes**, Director General for Roads, Places and Environment, Department for Transport, and **Jim O'Sullivan**, Chief Executive, Highways England

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Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

TSW numbers are generated by the evidence processing system and so may not be complete.

- 1 Read, Sheila ([TSW0001](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2017–19

First Report	Tackling online VAT fraud and error	HC 312 (Cm 9549)
Second Report	Brexit and the future of Customs	HC 401 (Cm 9565)
Third Report	Hinkley Point C	HC 393 (Cm 9565)
Fourth Report	Clinical correspondence handling at NHS Shared Business Services	HC 396 (Cm 9575)
Fifth Report	Managing the costs of clinical negligence in hospital trusts	HC 397 (Cm 9575)
Sixth Report	The growing threat of online fraud	HC 399 (Cm 9575)
Seventh Report	Brexit and the UK border	HC 558 (Cm 9575)
Eighth Report	Mental health in prisons	HC 400 (Cm 9575) (Cm 9596)
Ninth Report	Sheffield to Rotherham tram-trains	HC 453 (Cm 9575)
Tenth Report	High Speed 2 Annual Report and Accounts	HC 454 (Cm 9575)
Eleventh Report	Homeless households	HC 462 (Cm 9575) (Cm 9618)
Twelfth Report	HMRC's Performance in 2016–17	HC 456 (Cm 9596)
Thirteenth Report	NHS continuing healthcare funding	HC 455 (Cm 9596)
Fourteenth Report	Delivering Carrier Strike	HC 394 (Cm 9596)
Fifteenth Report	Offender-monitoring tags	HC 458 (Cm 9596)
Sixteenth Report	Government borrowing and the Whole of Government Accounts	HC 463 (Cm 9596)
Seventeenth Report	Retaining and developing the teaching workforce	HC 460 (Cm 9596)
Eighteenth Report	Exiting the European Union	HC 467 (Cm 9596)

Nineteenth Report	Excess Votes 2016–17	HC 806 (Cm 9596)
Twentieth Report	Update on the Thameslink Programme	HC 466 (Cm 9618)
Twenty-First Report	The Nuclear Decommissioning Authority’s Magnox	HC 461 (Cm 9618)
Twenty-Second Report	The monitoring, inspection and funding of Learndirect Ltd.	HC 875 (Cm 9618)
Twenty-Third Report	Alternative Higher Education Providers	HC 736 (Cm 9618)
Twenty-Fourth Report	Care Quality Commission: regulating health and social care	HC 468 (Cm 9618)
Twenty-Fifth Report	The sale of the Green Investment Bank	HC 468 (Cm 9618)
Twenty-Sixth Report	Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership	HC 896 (Cm 9618)
Twenty-Seventh Report	Government contracts for Community Rehabilitation Companies	HC 897 (Cm 9618)
Twenty-Eighth Report	Ministry of Defence: Acquisition and support of defence equipment	HC 724 (Cm 9618)
Twenty-Ninth Report	Sustainability and transformation in the NHS	HC 793 (Cm 9618)
Thirtieth Report	Academy schools’ finances	HC 760 (Cm 9618)
Thirty-First Report	The future of the National Lottery	HC 898 (Cm 9643)
Thirty-Second Report	Cyber-attack on the NHS	HC 787 (Cm 9643)
Thirty-Third Report	Research and Development funding across government	HC 668 (Cm 9643)
Thirty-Fourth Report	Exiting the European Union: The Department for Business, Energy and Industrial Strategy	HC 687 (Cm 9643)
Thirty-Fifth Report	Rail franchising in the UK	HC 689 (Cm 9643)
Thirty-Sixth Report	Reducing modern slavery	HC 886 (Cm 9643)
Thirty-Seventh Report	Exiting the European Union: The Department for Environment, Food & Rural Affairs and the Department for International Trade	HC 699 (Cm 9643)
Thirty-Eighth Report	The adult social care workforce in England	HC 690 (Cm 9667)
Thirty-Ninth Report	The Defence Equipment Plan 2017–2027	HC 880 (Cm 9667)
Fortieth Report	Renewable Heat Incentive in Great Britain	HC 696 (Cm 9667)

Forty-First Report	Government risk assessments relating to Carillion	HC 1045 (Cm 9667)
Forty-Second Report	Modernising the Disclosure and Barring Service	HC 695 (Cm 9667)
Forty-Third Report	Clinical correspondence handling in the NHS	HC 929 (Cm 9702)
Forty-Fourth Report	Reducing emergency admissions	HC 795 (Cm 9702)
Forty-Fifth Report	The higher education market	HC 693 (Cm 9702)
Forty-Sixth Report	Private Finance Initiatives	HC 894 (Cm 9702)
Forty-Seventh Report	Delivering STEM skills for the economy	HC 691 (Cm 9702)
Forty-Eighth Report	Exiting the EU: The financial settlement	HC 973 (Cm 9702)
Forty-Ninth Report	Progress in tackling online VAT fraud	HC 1304 (Cm 9702)
Fiftieth Report	Financial sustainability of local authorities	HC 970 (Cm 9702)
Fifty-First Report	BBC commercial activities	HC 670 (Cm 9702)
Fifty-Second Report	Converting schools to academies	HC 697 (Cm 9702)
Fifty-Third Report	Ministry of Defence's contract with Annington Property Limited	HC 974 (Cm 9702)
Fifty-Fourth Report	Visit to Washington DC	HC 1404 (Cm 9702)
Fifty-Fifth Report	Employment and Support Allowance	HC 975 (Cm 9702)
Fifty-Sixth Report	Transforming courts and tribunals	HC 976 (Cm 9702)
Fifty-Seventh Report	Supporting Primary Care Services: NHS England's contract with Capita	HC 698 (Cm 9702)
Fifty-Eighth Report	Strategic Suppliers	HC 1031 (Cm 9702)
Fifty-Ninth Report	Skill shortages in the Armed Forces	HC 1027 (9740)
Sixtieth Report	Ofsted's inspection of schools	HC1029 (Cm 9740)
Sixty-First Report	Ministry of Defence nuclear programme	HC 1028 (Cm 9740)
Sixty-Second Report	Price increases for generic medications	HC 1184 (Cm 9740)

Sixty-Third Report	Interface between health and social care	HC 1376 (Cm 9740)
Sixty-Fourth Report	Universal Credit	HC 1375 (Cp 18)
Sixty-Fifth Report	Nuclear Decommissioning Authority	HC 1375 (Cp 18)
Sixty-Sixth Report	HMRC's performance in 2017–18	HC 1526 (Cp 18)
Sixty-Seventh Report	Financial Sustainability of police forces in England and Wales	HC 1513 (Cp 18)
Sixty-Eighth Report	Defra's progress towards Brexit	HC 1514 (CP 18)
Sixty-Ninth Report	Sale of student loans	HC 1527 (Cp 56)
Seventieth Report	Department for Transport's implementation of Brexit	HC 1657 (Cp 56)
Seventy-First Report	Department for Health and Social Care accounts	HC 1515 (Cp 56)
Seventy-Second Report	Mental health services for children and young people	HC 1593 (Cp 79)
Seventy-Third Report	Academy accounts and performance	HC 1597 (Cp 79)
Seventy-Fourth Report	Whole of Government accounts	HC 464 (Cp 79)
Seventy-Fifth Report	Pre-appointment hearing: preferred candidate for Comptroller and Auditor General	HC 1883 (Cp 79)
Seventy-Sixth Report	Local Government Spending	HC 1775 (Cp 79)
Seventy-Seventh Report	Defence Equipment Plan 2018–28	HC 1519 (Cp 79)
Seventy-Eighth Report	Improving Government planning and spending	HC 1596 (Cp 97)
Seventy-Ninth Report	Excess Votes 2017–18	HC 1931 (Cp 97)
Eightieth Report	Capita's contracts with the Ministry of Defence	HC 1736 (Cp 97)
Eighty-First Report	Rail management and timetabling	HC 1793 (Cp 97)
Eighty-Second Report	Windrush generation and the Home Office	HC 1518 (Cp 113)
Eighty-Third Report	Clinical Commissioning Groups	HC 1740 (Cp 97)
Eighty-Fourth Report	Bank of England's central services	HC 1739 (Cp 97)

Eighty-Fifth Report	Auditing local government	HC 1738 (Cp 97)
Eighty-Sixth Report	Brexit and the UK border: further progress review	HC 1942 (Cp 113)
Eighty-Seventh Report	Renewing the EastEnders set	HC 173 (Cp 113)
Eighty-Eighth Report	Transforming children's services	HC 1741 (Cp 113)
Eighty-Ninth Report	Public cost of decommissioning oil and gas infrastructure	HC 1742 (Cp 113)
Ninetieth Report	BBC and personal service companies	HC 1522 (Cp 113)
Ninety-First Report	NHS financial sustainability: progress review	HC 1743 (Cp 113)
Ninety-Second Report	Crossrail: progress review	HC 2004 (Cp 113)
Ninety-Third Report	Disclosure and Barring Service: progress review	HC 2006
Ninety-Fourth Report	Transforming rehabilitation: progress review	HC 1747
Ninety-Fifth Report	Accessing public services through the Government's Verify digital system	HC 1748
Ninety-Sixth Report	Adult health screening	HC 1746
Ninety-Seventh Report	Local Government Governance and Accountability	HC 2077
Ninety-Eighth Report	The apprenticeships programme: progress review	HC 1749
Ninety-Ninth Report	Cyber security in the UK	HC 1745
One Hundredth Report	NHS waiting times for elective and cancer treatment	HC 1750
One Hundred and First Report	Submarine defueling and dismantling	HC 2041
One Hundred and Second Report	Military Homes	HC 2136
One Hundred and Third Report	Planning and the broken housing market	HC 1744
First Special Report	Chair of the Public Accounts Committee's Second Annual Report	HC 347
Second Special Report	Third Annual Report of the Chair of the Committee of Public Accounts	HC 1399
Third Special Report	Fourth Annual Report of the Chair of the Committee of Public Accounts	HC 2370