

Gillian Keegan MP
House of Commons
London
SW1A 0AA

Jim O'Sullivan
Chief Executive
Highways England
Bridge House
1 Walnut Tree Close
Guildford
GU1 4LZ

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Dear Gillian

Thank you for meeting us on Monday and updating us on the current views around the scheme for the A27 at Chichester.

As you will be aware RIS 1 is our first five year funding period. It mimics the practice in other regulated sectors of setting out a programme of work that must be delivered for the funding provided within the five years. Chichester was part of this programme. It had been allocated £120m but following detailed design and traffic analysis the cancelled scheme was funded at £230m, nett contributions. This is the highest amount we can allocate and still demonstrate to government that the scheme is a good investment and provides value for money.

To summarise the current position there are only 31 months of the current 5 year RIS left so we are very constrained in what can be achieved in that time. Within that constraint it should be possible to start work on a version of the current proposed scheme if a route announcement were made before the end of September. We could then enter a phase of more detailed discussion on how the impact of the scheme could be mitigated and what could be done in the surrounding area to provide some compensating measures that benefit the broader community and environs.

If we need to create a space for broader community engagement in the development of an improved scheme, say of around three months, then it becomes impossible to start the scheme in RIS 1 and it becomes a potential 'RIS 2' scheme.

Further time to consider the scheme and other possible alternatives has considerable benefits. Active stakeholder engagement generally brings greater support for the scheme and a more refined outcome that delivers enhanced user, community and environment outcomes. However there are a number of risks. The early years of RIS 2 are virtually full and focused on completing the schemes that are started at the end of the current RIS (of which the A27 at Chichester would have been one). That means that a new scheme for Chichester would most likely start in 2023 as opposed to the

current 2020 date. Secondly, it will be competing with many schemes nationally for funding and will need to be viewed by government as a priority for inclusion in RIS 2.

We use a technique called BCR (Benefit Cost Ratio) to value schemes. For RIS 2 we are expecting the schemes will average around 2.5 to 3, and on this measure the Chichester scheme should still present a good investment case for inclusion in RIS2 or for persuading the government to carry it forward as a previous RIS1 commitment. Nonetheless I cannot guarantee the outcome of that assessment or the regional investment priorities of the government at that time.

I think it is widely accepted that the manner in which the northern route was discussed and handled was not well communicated or managed. Such a route would heavily contravene current planning guidance due to impacts on the national park, incurs higher cost reducing the BCR and, contrary to popular belief, has had limited development and design work done. Against all the other schemes we are looking at across the country this idea has almost no probability of success.

At Highways England we still see the A27 as having strategic importance. It is important national and regional infrastructure. It is the only East West arterial road south of the M25 and we are keen to support economic growth in the region and to improve the safety and capacity of this route. Clearly the current situation of a cancelled scheme on a route of this nature is not where we want to be. This letter lays out the choices we face and the risks and opportunities that each of them presents.

We wish to work constructively with all of our stakeholders on enhancing the country's strategic road network and we will support you, the other elected officials, and the authorities and communities you represent in achieving the best outcome for the region and the national infrastructure.'

Yours sincerely,



Jim O'Sullivan
Chief Executive