The Rt Hon Jeremy Hunt, MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Emailed to: public.enquiries@hmtreasury.gov.uk

18 October, 2022

Dear Chancellor,

Scrap road schemes to grow the economy

Many congratulations on your appointment as Chancellor of the Exchequer. Given the urgent need to reduce borrowing and make savings, we would like to suggest opportunities to save £16 billion, or more, by cancelling costly and low value for money road projects.

The Growth Plan emphasises road building as a way to stimulate economic growth. However, the evidence for this is very weak[i], whilst being extremely costly (especially given rising costs due to inflation).

To give some examples, five large road schemes in the second Road Investment Strategy (RIS2) all have weak economic cases and illustrate why RIS2 should be reopened.

Scheme	Cost	Initial BCR	Adjusted BCR	Value for money
Lower Thames Crossing	£10bn	0.68	1.44[ii]	Low
A303 Stonehenge	£2.5bn	0.55	1.55[iii] with dubious heritage valuation (0.55 without it)	Medium (just) (Poor)
A66 Northern Transpennine	£1.3bn	0.48	0.92[iv]	Poor
A12 Chelmsford to A120 widening scheme	£1.3bn	0.8	1.7[v]	Medium

A428 Black Cat to Caxton Gibbet	£1bn	0.91	1.52[vi]	Medium (just)

The Lower Thames Crossing (LTC), with a likely price tag of over £10bn with recent construction inflation, presents the biggest opportunity for savings. While the £2.5bn A303 Stonehenge scheme has a benefit cost ratio (BCR) of 0.55 or less, i.e. it will cost more than it would ever generate in economic benefits. The only way that National Highways has been able to claim this scheme has a positive business case is by including £1bn of dubious heritage benefits from a discredited Heritage Valuation Survey[vii]. Finally, the other three schemes listed, have a combined value of around £3.6bn.

All these multi-billion pound schemes fail to meet their full objectives, as well as causing significant environmental impacts whilst also generating more traffic with a consequent increase in congestion and emissions[viii]. This is at a time when carbon emissions from transport need to be rapidly reduced.

Scrapping just these five schemes would save £16bn and provide close to a half of the current budgetary savings required - reducing the need for painful cuts elsewhere.

In order to achieve growth, funding within transport needs to be switched from inefficient and damaging road building to better performing investments in active travel, local public transport, and rail freight. These would not only be more equitable and help with levelling up, they would also deliver growth whilst helping the UK Government meet its international obligations on climate change.

The Climate Change Committee has repeatedly raised concerns about the Government's roads programme[ix], while the National Infrastructure Commission has recommended a move towards asset maintenance and renewal over new road building[x]. This monetary review represents an opportunity to get the UK back on track economically and environmentally. We urge you to grasp this opportunity.

We would appreciate a reply from yourself to this letter, and for this not to be passed to another department for a reply

Yours sincerely,

Chris Todd

Director
Transport Action Network

cc: Rt Hon Edward Argar MP, Chief Secretary to the Treasury
Rt Hon Anne-Marie Trevelyan MP, Secretary of State for Transport
Katherine Fletcher MP, Parliamentary Under Secretary of State at the Department for Transport
Rt Hon Jacob Rees Mogg MP, Secretary of State for Business, Energy and Industrial Strategy
Cat Little, Director General, Public Spending and Acting Permanent Secretary at the Treasury
Dame Meg Hillier MP, Chair, Public Accounts Committee
Huw Merriman MP, Chair, Transport Select Committee
Dame Fiona Reynolds, Chair, National Audit Office
Richard Hughes, Chair, Office for Budget Responsibility
John Larkinson, CEO, Office for Road and Rail
Sir John Armitt, Chair, National Infrastructure Commission
Chris Stark, CEO, Climate Change Committee

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[i] The econometric approach of the impact of public investment in the road infrastructure in the economic growth of Kosovo. Besime Fekri Ziberi. (2021)
The end of the road? Challenging the road-building consensus, Transport for Quality of Life for CPRE, March 2017
Mutual causality in road network growth and economic development, Michael Iacano and David Levinson. (2015)
Beyond Transport Infrastructure, Lessons for the future from recent road projects, Transport for Quality of Life for CPRE and the Countryside Agency, July 2006
[ii] Combined Modelling and Appraisal Report, para 7.5.4, National Highways, October 2020
[iii] Response to the Secretary of State's Consultation of 20 June 2022 - 4.1 Applicant's response to the request for comments Q1, Q3–Q6, Page 10, National Highways, July 2022
[iv] Combined Modelling and Appraisal Report, Table 6-21, National Highways, June 2022
[v] Combined Modelling and Appraisal Report, Table 11-5, National Highways, August 2022
[vi] Economic Sensitivity Test (November 2021 TAG Update), Table 7-1, National Highways, January 2022
[vii] Response to the Secretary of State's Consultation of 13 July 2022 - Transport Issues, regarding carbon, traffic forecasting, business case, cumulative impacts and alternatives, Paras 4.14 & 4.15, Stonehenge Alliance, August 2022
[viii] Latest Evidence on Induced Travel Demand: An Evidence Review, Department for Transport (2018)
[ix] Progress in reducing emissions, 2022 Report to Parliament, p139, Climate Change Committee, June 2022
[x] National Infrastructure Assessment, page 114, National Infrastructure Commission, July 2018