

Our ref: SHARE/63119473
via Email: economicregulation@caa.co.uk

Liz Garlinge
Interim Network Planning Director

The Cube
199 Wharfside Street
Birmingham
B1 1RN

21 August 2019

Dear Sir/Madam,

Highways England is a government owned company which operates, maintains and improves the strategic road network (SRN) as the strategic highway company appointed under the provisions of the Infrastructure Act 2015 in accordance with the [Licence](#) issued by the Secretary of State for Transport and is a statutory consultee to the planning process. The SRN in this area includes the M25 and M4, both of which are significantly impacted by the Heathrow Expansion proposals.

We responded to previous CAA consultations on the economic regulation of Heathrow Airport in June 2018 and January 2019.

Category B Costs

[DfT Circular 02/13: The strategic road network and the delivery of sustainable development](#) sets out Highways England's requirements with regard to a third party seeking permission for a development site, in this case the expansion of Heathrow Airport. Specifically, this requires promoters (Heathrow Airport Ltd (HAL)) to demonstrate that the SRN can be safely and efficiently operated and any infrastructure is designed in accordance with design standards set out in the [Design Manual for Roads and Bridges](#), both during construction and future operation. This needs to be acceptably demonstrated prior to Government's approval of the schemes Development Consent Order. Costs associated with this are considered as Category B; your consultation notes that these costs have increased significantly.

In demonstrating acceptability to Highways England, HAL will need to undertake design work on a number of complex SRN assets, which will include a new tunnel taking the M25 under a series of airfield bridges crossing the motorway, as well as consequential changes to, for example, structural, pavement and drainage assets. Highways England would only be able to confirm that the proposals are acceptable at the DCO stage following completion of this design work.

Alongside this, Highways England must ensure that the SRN continues to function effectively for road users during construction. To do this, we intend to work closely with HAL both to influence the emerging design and to effectively plan for the construction phasing (e.g. traffic management planning). Doing so will require a high level of detail in the scheme design, with optioneering undertaken to determine the most effective solutions.

Any proposal by the CAA to restrict or regulate HAL's Category B costs could therefore undermine the ability of HAL to develop a sufficiently detailed design which satisfies the requirements of [DfT Circular 02/13](#), and result in Highways England being unable to accept the DCO proposals submitted by HAL. This may jeopardise successful delivery of the project. Consequently, HAL may need to explore alternative funding for detailed work to achieve Highways England's acceptance of their proposals outside the Category B cost framework.

The regulatory arrangements for Category B costs should therefore be designed to ensure that HAL have sufficient flexibility to develop their design accordingly in line with Highways England's requirements.

Category C Costs

As part of the timely delivery of the Heathrow Expansion project, HAL is required to relocate assets that impinge on their expansion plans. This includes, for example, relocation of statutory undertakers' equipment (e.g. power lines) and the Lakeside Energy from Waste plant.

As SRN operator, Highways England would need to be satisfied that any relocation does not result in a significant impact on the operation of the SRN. Principally this is assessed via the planning application process undertaken for these individual elements. As with Category B costs above, any proposal to restrict or regulate Category C

costs should ensure that there is sufficient headroom to fully undertake the planning process for these projects, along with any consenting or approval regime that may further be required in relation to the SRN – for example costs associated with installing a road closure on the SRN to facilitate works.

Yours sincerely



Liz Garlinge
Interim Network Planning Director
Email: liz.garlinge@highwaysengland.co.uk

Cc: Tim Coffey, Tim Neate, Steve Pearce (Highways England)