

15 March 2016

Rt Hon George Osborne MP
Chancellor of the Exchequer
House of Commons
London
SW1A 0AA

Dear Mr Osborne

Lower Thames Crossing – Value for Money?

The consultation on the proposals for a £6bn Lower Thames Crossing has still a few weeks to run but it is already very clear the vast majority of the public and all political parties in Thurrock are unanimously opposed to Highways England's proposal for tunnel between Gravesend and Tilbury.

There has been much discussion for years about the options and the current public debate is highly vocal and emotionally charged. If the Government presses on with the project we are sure the debate on the harm to the national interest and the Borough will continue for years to come.

The main purpose of this letter is to request you to personally intervene and provide transparent information on whether her Majesty's Treasury really do believe that the estimated £6bn expenditure on the motorway and tunnel is value for money.

We have appointed experts to look at the published figures on costs and benefits in the knowledge that the full business case to justify this has yet to be published by Highways England. However, we ask that you take advice from your transport economists to investigate the following points and confirm or otherwise that the criteria for expenditure is rigorously consistent with the 'Green Book' and the DfT's WebTag criteria.

Our key points of concern for your comments are:

1. The traffic movement data on which the appraisal partly relies is historic – 2001 demand data. It is the foundation of the Highways England (HE) decision making. This data is out of date following capital expenditure in recent years on the A13/A130 junction at Sadler's Farm for the Olympics and the M25/A13 junctions to support HGV movement to DP World London Gateway.
2. While Route 3, the HE preferred option has a slightly higher cost benefit, there is no clear headway between all options. The benefit cost ratios at the lower end do not include wider economic benefits but the upper end ratios do.
3. For the HE preferred route (Option 3) these are 2.3 (lower) and 3.4 (upper) – it is not clear what the economic benefits are to justify this upper figure – any economic benefits should mainly be because of the highway investment alone and not projects already in the pipeline. Is this the case? What are the new growth projects to justify the higher cost/benefit?

4. For every £1 invested HE claim a return of £2.30 – but this return is made up substantially of time savings arising from traffic on the new route. Given there are significant questions over the accuracy of the data from 2001, there must be questions over the accuracy of the modelling and therefore the travel time savings, and hence over the accuracy of the benefits. Is the accuracy of this cost/benefit robust enough to justify such a high level of expenditure?
5. HE have a preferred option that may cause worse community and environmental problems over the wide area, particularly on the key roads of the A13 and A2 when diverting traffic hits bottlenecks. The detriment to the wider resilience of the Strategic Road Network could be harmed with option C. Access to businesses in the area is critical, in particular to Tilbury Port and DP World London Gateway. Has the future resilience been taken into account in the cost/benefit analysis?
6. Any gridlock will worsen pollution in the area in increased emissions from vehicles and the number of vehicles in the worst case scenario has a gridlock of traffic that has an increased traffic movement from 140,000 vehicles a day now with the existing crossing to nearly 240,000 a day in total by 2041. How has this been taken into account in the cost/benefit analysis?
7. At the existing crossing traffic volumes in 2025 are predicted by HE to be around 14% lower than a scenario without a new crossing. By 2041 they are predicted to be just 7% lower. This is a very low diversion. The existing crossing will become congested again fairly quickly and gridlock events in the area will continue for decades. This is unacceptable. Therefore location C options have limited benefits in terms of the main objectives 'to relieve the congested Dartford Crossing and approach roads'. There is unlikely to be a significant long term difference to general traffic conditions at the existing crossing. It is justified to invest £6bn at option C when HE's own figures show only an initial 14% reduction in traffic on the existing crossing in the short term? In the longer term this reduces to a diversion of just 7%.
8. As about 85% of the trips generated on the new tunnel and road are local, the £6bn investment could be better spent on numerous local highway projects to support existing businesses and industry, for example our ambitious growth agenda to create 20,000 more jobs and build 20,000 more houses. Has this lost investment opportunity been considered as part of the economic assessment?
9. The detailed information available to HE is yet to be published. There is a lack of information to make an informed decision over any route and the strategic case tests have not been met. More information is specifically required on wider traffic flows and the impacts on junctions. This is critical. Has this been taken into account using WebTag to justify the decision making? Could the Treasury economists scrutinise the data used by HE to justify the location C economic case options and in particular the preferred option?
10. The need for a new crossing has not been demonstrated. Further work is required on alternative modes of travel and a national sustainable freight distribution strategy. More freight could go by rail and the beneficial impacts of London Gateway Port on the north bank of the Thames have not yet been realised. It is not shown how the options could support sustainable travel and land use integration that are set out in government Guidance. Has this been considered as part of the cost/benefit analysis?

11. The environmental harm caused by the scheme has not been fully assessed or quantified, including the impacts on health and local amenity and this may not be out-weighed by any economic or transport benefits – clearly further work is required on air quality and public health before the Government makes a decision. It must be given weight alongside economic and transport benefits. Will the Treasury ensure this happens before an investment decision is made?
12. The public interest ‘compelling case’ required for CPO’s has not yet been met and do the Treasury agree that it cannot be made until the economic case for investment is transparent and demonstrates clear value for money to the tax payer?

So far the consultation process has been a shambles and should be stopped to allow further work to take place on the value for money issues raised in this letter.

The Department of Transport and Highways England are just ‘digging in’ and are doing what they are good at which is defending what work they done on the options in recent years. They will stay on this path unless someone with an independent view reassesses the position. This could you or Lord Adonis as Chairman of the National Infrastructure Commission.

Thurrock residents and the Council are relying on you, as Chancellor of the Exchequer, to look after the national financial interests and to ensure the economic case for the Lower Thames Crossing is thoroughly investigated. In doing this you will be looking after the national investment infrastructure when money is limited and at the same time you will be looking after Thurrock’s interests as a buoyant, thriving, growing area that does not want to see a further ten years of traffic gridlock in the area. There are much better ways forward.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Kent', written over a horizontal line.

Cllr John Kent
Leader of Thurrock Council