



Department for
Transport

From the Parliamentary
Under Secretary of State

Great Minster House
76 Marsham Street
London SW1P 4DR

Andrew George MP
House of Commons
LONDON
SW1A 0AA

Tel: 020 7944 2566
Fax: 020 7944 4309
E-Mail: norman.baker@dft.gsi.gov.uk

Web site: www.dft.gov.uk

Our Ref: PH/NB/013516/10

10 June 2010

Dear Andrew,

Thank you for your letter of 28 May to Philip Hammond, enclosing a copy of a letter from [REDACTED] of [REDACTED] to Philip Hammond and copied to Eric Pickles about the Isles of Scilly Link major scheme. I am replying as the Minister responsible for Regional and Local Transport issues.

I have been briefed about the background to this scheme and am aware of its controversial nature. I appreciate your concern and that of your constituents.

This scheme raises a number of issues, some of which are still under consideration. I understand that a planning application for works to Penzance Harbour is currently before the Secretary of State for Communities and Local Government to consider call-in. I also understand that a decision is awaited from the Secretary of State for Culture, Media and Sport on the listing of some elements of the harbour which require a Listed Building Consent.

As these proposals are formally being considered, it is not appropriate for me to comment on the points you have raised and I hope you will understand that for reasons of propriety it would not be appropriate for Ministers to meet with you to discuss the scheme.

You may be aware that Interim Guidance on Local Authority Major Schemes was published on 10 June – I attach a copy for your information. This makes clear that the Department for Transport will not be in a position to make any decisions on major schemes until the Government's spending review has

been completed. The Department will consider the funding for local authority major schemes as part of the Government's spending review to be carried out by the autumn. Until then the Department can give no assurances on funding for any Local Authority scheme that is not yet in construction.

For schemes with Conditional Approval, as is the case with the Isles of Scilly Link, officials will engage on a limited basis with Cornwall Council.

I appreciate the uncertainty that this will cause and hope to be in a position to provide more clarity later this year.

Yours sincerely

A handwritten signature in black ink that reads "Norman". The letters are cursive and connected, with a long, sweeping tail on the final letter.

NORMAN BAKER

INTERIM GUIDANCE ON LOCAL AUTHORITY MAJOR SCHEMES

The Government has made clear its most urgent priority is to tackle the UK's record budget deficit, in order to restore confidence in the economy and support the recovery. The Department for Transport will play a full part in the spending review which will be reporting in the autumn. Only once the Government's spending review has been concluded will the Department for Transport be in a position to identify those major investments that can be supported.

Until this work is concluded, it would be inappropriate, given the likely budgetary constraints, for DfT to continue to invest time and resources on scheme development at the same rate as before.

Local Authorities should not therefore assume that schemes prioritised under the previous Government's Regional Funding Allocations (RFA) process will be funded to the previous published levels. They will wish to consider carefully whether investing further time and resources in developing such schemes is justified.

It is also a logical step in light of the Government's commitment – as set out in the Coalition Agreement – to reform the way funding decisions are made on which transport projects to prioritise.

Because of the action required to contribute to the £6.2bn of savings in cross Government spend in 2010/11, it is now very unlikely that any schemes not yet fully approved will be able to begin construction before the end of 2010/11 and the headroom for any new construction starts in 2011/12 is likely to be limited.

All schemes that were granted Conditional Approval or Programme Entry by the previous Government will be reviewed as part of the spending review. Until then, the Government can give no assurances on funding support for any of these schemes.

In parallel to the spending review we will also be reforming the way that funding decisions are made on which transport projects to prioritise, as the Government committed to do in the Coalition Agreement. This will include a consideration of the strategic framework for the funding and prioritisation of regional and local major schemes in the future.

We should make it clear that all spend by Local Authorities and PTEs on schemes that have not yet reached full approval is entirely at their own risk.

The Department does not accept any liability for development or preparatory costs incurred to date or which may be incurred going forward while funding remains uncertain.

With immediate effect, and at least until the conclusion of the spending review:-

- the Major Schemes Guidance for Local Authorities published by the previous Government is suspended. It should not be regarded as a representation of current policy and should not be followed by scheme promoters.
- The Department will not be taking any funding decisions on scheme approvals, including those scheme bids that have already been submitted for approval.
- The Department will not accept any further bids for any stage of major scheme funding approval (and, by extension, scheme promoters will not be able to claim preparatory costs by submitting a 'compliant' Conditional Approval or Full Approval bid).
- The Department will not release any funding for small schemes of £5m or less that had been prioritised for funding under the previous Government's RFA programme.
- The Secretary of State will not take decisions on scheme orders for schemes requiring DfT funding, but consideration will be given if there are alternative funding sources.
- Scheduled public inquiries on schemes requiring DfT funding will generally be postponed and no further inquiries will be scheduled, inquiries will be allowed to proceed if there are alternative funding sources.

The Department also strongly advises Local Authorities to exercise caution in any further public communication about individual schemes, and to avoid unduly raising expectations, for example through public consultations and exhibitions.

DfT officials will engage with LA scheme promoters and other stakeholders on a pragmatic basis to deal with any difficult issues that arise in relation to existing schemes. However, DfT will not encourage or assist LAs to progress potentially abortive work on schemes until the funding position is clear.

DfT Officials may engage on a limited basis with authorities: on schemes that already have Conditional Approval; and to identify schemes that have critical safety or lifeline issues. However, even in these cases, we will not accept bids for scheme approvals until further notice and any expenditure by scheme promoters is at their own risk until funding is clarified following the spending review. Promoters should therefore seek to minimise preparatory costs on such schemes.

The Department appreciates the uncertainty that these temporary measures will cause, but the scale of the savings required across Government in order to reduce the deficit means that the existing pipeline of schemes will not be affordable, and that we need to take action now to avoid further unnecessary spending. We will aim to provide a firm indication on the way forward later this year once the spending review is complete.

June 2010