

# THAMES CROSSING ACTION GROUP

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13<sup>th</sup> January 2023

Ref: TCAG-PAC-TOA-230113

Dear Dame Meg Hillier and Mr Fairbrother

Following our letter (Re: TCAG-PAC-TOA) dated 30<sup>th</sup> December 2022 regarding the Accounting Officer Assessment for the proposed £9-10bn+ Lower Thames Crossing (LTC) road project, we note that the assessment has finally been published<sup>1</sup>.

It is our understanding that Accounting Officer Assessments (AOA) are supposed to offer guidance and transparency to Ministers for good decision-making over significant spending decisions.

The Assessment has been signed off by the Permanent Secretary – Department for Transport on 28<sup>th</sup> Nov 2022, and by National Highways Chief Executive on 26<sup>th</sup> October 2022.

It uses information based on the LTC Outline Business Case (OBC) from August 2020.

We therefore have to question why the LTC AOA has been completed using figures that are two years out of date? Especially when National Highways resubmitted the LTC Development Consent Order (DCO) application in late Oct 2022 which holds more up to date information, and would have been available before the AOA was signed off.

The AoA details the adjusted Benefit Cost Ratio (BCR) as **1.46** (as per the 2020 OBC) Yet the 2022 Combined Modelling and Appraisal Report (ComMA)<sup>2</sup>, from the 2022 LTC DCO application, shows the adjusted BCR has shrunk to **1.22**.

The issue of the BCR gets even more curious and questionable when you review the National Audit Office's 'Road enhancements: progress with the second road investment strategy (2020 to 2025) report'<sup>3</sup> of 25 Nov 2022, which also voiced concerns about value for money issues in regard to the proposed LTC.

On page 26/48 (pdf numbering) of this report it details the 'Current estimated cost' between £5.3bn and £9bn with a note that this is as at August 2020. Presumably from the 2020 LTC OBC.

It goes on to state that the cost increase since March 2020 is c.£1.9bn.

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<sup>1</sup> <https://www.gov.uk/government/publications/government-major-projects-portfolio-accounting-officer-assessments/lower-thames-crossing-accounting-officer-assessment-december-2022>

<sup>2</sup> <https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR010032/TR010032-001321-7.7%20Combined%20Modelling%20and%20Appraisal%20Report.pdf>

<sup>3</sup> <https://www.nao.org.uk/wp-content/uploads/2022/11/Report-Progress-with-the-second-road-investment-strategy-2020-to-2025.pdf>

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If you review the Road Investment Strategy of March 2020<sup>4</sup>, page 96/131(pdf numbering) the cost of the LTC is detailed as between £6.4bn - £8.2bn.

So, if we add the NAO cost increase of £1.9bn onto the March 2020 cost it would actually equal **£8.3bn - £10.1bn**.

So why is the August 2020 estimated cost, that is being used in the AOA, listed as **£5.3bn - £9bn**?

And why is the reason for the increase in cost suggested to be connected to the withdrawal of the 2020 LTC DCO application in Nov 2020, when the NAO report is detailing a cost as at Aug 2020, prior to the 2020 DCO being withdrawn?

And if the cost increased between March 2020 – Aug 2020 by c.£1.9bn, then surely it is highly likely to have risen considerably again between then and now, especially with high energy and materials prices, the war in Ukraine, and soaring construction inflation etc?

How realistic is the Oct 2022 Funding Statement<sup>5</sup> (submitted as part of the DCO application) when it refers to the cost as £5.2 billion to £9.0 billion, since it apparently shows no further increase in cost? Does anyone actually know what the current estimated cost of the proposed LTC is, and how reliable such an estimation is?

We also note that in the LTC AOA it is stated that *“The project aspires to achieve a net zero carbon position which relies on new and emerging technology and products to be achieved”*.

At a recent construction industry event it was reported<sup>6</sup> that LTC Project Director, tunnels, Sinisa Galac said that unless they can resolve the carbon issues associated with the LTC, there won't be a project.

He also went on to talk about ways to reduce emissions, including saying they would slash a further 10-20% through carbon capture.

We wrote to National Highways/LTC on 3 Jan asking for more info on the carbon capture that was claimed as a way of further slashing the carbon emissions of LTC.

The response we got on 10 Jan states “As a pathfinder for carbon neutral construction, we will seek to adopt low and zero carbon technologies as they become viable. While carbon capture, utilisation and storage (CCUS) is not yet available, there are a number of industrial clusters in the UK where

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<sup>4</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/951100/road-investment-strategy-2-2020-2025.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/951100/road-investment-strategy-2-2020-2025.pdf)

<sup>5</sup> <https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR010032/TR010032-001251-4.3%20Funding%20Statement.pdf>

<sup>6</sup> <https://www.newcivilengineer.com/latest/national-highways-boss-there-wont-be-a-lower-thames-crossing-if-we-dont-resolve-carbon-issues-09-12-2022/>

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the technology is being developed. The projected readiness dates overlap with the construction period of the Lower Thames Crossing and there is potential that we could start using cement manufactured with CCUS towards the end of the construction period.” So, the technology is not in place, and even if it were to become available it wouldn't be until towards the end of the LTC construction period.

How can the AOA be considered to offer transparency and guidance for Ministers making decision about spending huge amounts of taxpayers' money when:

- The BCR quoted is two years out of date, and has since shrunk from 1.46 to 1.22
- The BCR has likely been calculated from cost figures which appear to be questionable, and the cost is likely to be much higher thus reducing the BCR further,
- Estimated carbon emissions are around 6.6 million tonnes and there is no evidence to show the aspiration of Net Zero, to meet legal commitments, can realistically be met?

There are of course plenty of other reasons why we are opposed to the proposed LTC, and we have plenty of other evidence to back up our concerns and opposition. However, I have kept it relevant to the AOA for this letter. That said I would be more than happy to share further information and to discuss further with yourselves or anyone else in Government if given the opportunity.

In regard to the Lower Thames Crossing Accounting Officer Assessment, we definitely feel that this report could be misleading to Ministers, and should be updated to reflect the current cost, Benefit Cost Ratio, and other relevant info, including whether it can realistically be legally compliant with Net Zero and other legislation, as a matter of urgency.

No doubt Spring Budget decisions are being made right now, and with the cost of living crisis and everything else that is going on, the spending of a huge amount of public money on a project like the proposed Lower Thames Crossing, which is not fit for purpose and fails to meet scheme objectives, should most definitely be urgently reviewed based on accurate and current up to date information and figures, and not a misleading assessment that is two years out of date.

Thank you for the time, we look forward to your comments.

Kind regards

Laura Blake

Chair – Thames Crossing Action Group

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