

Written Statement by Philip Hammond June 10th 2010

The Secretary of State for Transport (Mr Philip Hammond): 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.

The Government has also made a commitment – as set out in the Coalition Agreement – to reform the way decisions are made on which transport projects are prioritised.

Given the uncertainties which both of these factors create, and in view of the likely budgetary constraints, and the consequent likelihood that not all schemes will be able to proceed on their planned timetable, it would be inappropriate for the Department to continue to invest time and resources on development of schemes at the same rate as before. Local Authorities will also wish to consider carefully whether investing further time and resources in developing such schemes ahead of the Spending Review is justified. They should not assume that schemes prioritised under the previous Government's Regional Funding Allocations (RFA) process will be funded to the previous published levels.

I am therefore today taking steps to help avoid unnecessary expenditure, whilst the Government considers its transport priorities:

- The previous Major Schemes Guidance for Local Authorities and associated approval processes are being suspended until further notice.
- 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.
- Ministers will postpone decisions on scheme orders for schemes requiring DfT funding, but consideration will be given if there are alternative funding sources. Similarly, public inquiries on schemes requiring DfT funding will generally be postponed and no further inquiries will be scheduled, but inquiries will be allowed to proceed if there are alternative funding sources.

The previous Major Schemes Guidance for Local Authorities is today being replaced with new interim guidance to Local Authorities, which has been placed in the Libraries of the House and will be available on the Department for Transport website (www.dft.gov.uk) today. Officials will also be writing to affected local authorities.

The Government will aim to provide a firm indication on the way forward later this year once the spending review is complete.

Source: DfT

website: <http://www.dft.gov.uk/press/speechesstatements/statements/hammond100610>