

Our ref: CRS 768,062

Your ref:

21 January 2019

Dear

Freedom of Information request – Highway Bond Provision

I am writing to confirm that we have now completed our search for the information, which you requested on 18 December 2018.

In your request, you asked the following for the following information:

- 1. Please could you confirm the total number of road bonds called-in over the last 3 years for S278 and S38 agreements?*
- 2. Please could you confirm what are the individual elements that your Authority includes within their bond requirement for all highways work for S278 and S38 agreements??*
- 3. Please could you provide an average value for bond provision for S278 and S38 agreements?*
- 4. Would you consider using the developer obtained tender value for calculating the bond provision for S278 and S38 agreements?*
- 5. Please could you confirm your inspection fee or percentage applicable relevant to the bond provision for S278 and S38 agreements?*

I am writing to advise you that, following a search of our paper and electronic records, I have established that the information you requested on S38 agreements is not held by Highways England. We believe that the S38 agreement information that you require may be held by the individual local authorities, as S38 agreements are for the use of local authorities, where a new road is to be adopted. If you have not already done so, you may wish to contact them directly.

I will answer your questions with regards to S278 agreements, in the order that you have raised them:

- 1. Please could you confirm the total number of road bonds called-in over the last 3 years for S278 and S38 agreements?*

We can confirm we have not had to call in any “road bonds” in the last 3 years.

2. Please could you confirm what are the individual elements that your Authority includes within their bond requirement for all highways work for S278 and S38 agreements??

The individual elements that we include our bond requirements are:

- The bond contract
- The bond amount
- The bond expiry

We include the developer, guarantor and the beneficiary (Highways England) as the parties. We generally include provision for reducing the bond amount for large projects as construction progresses; a clause in case of insolvency; failure to pay a bond and breaches.

3. Please could you provide an average value for bond provision for S278 and S38 agreements?

The average value for bond provision in Highways England is £2,203,549.

4. Would you consider using the developer obtained tender value for calculating the bond provision for S278 and S38 agreements?

Yes, we do use the developer obtained tender value as the basis for calculating the bond. Depending on how accurate we think that tender value estimate is, depends on the percentage bond we ask for. The minimum bond would be 100% of the tender estimate, but we can ask for up to 200%. But, if we thought the developers' tender value was too low, we would query it and, if it stayed the same and we still had our doubts, we would ask for a higher percentage.

5. Please could you confirm your inspection fee or percentage applicable relevant to the bond provision for S278 and S38 agreements?

HM Treasury requires that the Highways England recovers the full cost of undertaking schemes funded by third parties. Our service agents' fees are chargeable at cost for technical approval of designs.

The scale for calculating Highways England administration fees is as follows:

Scheme value (£)		% fee	Minimum fee chargeable (£)	Maximum fee chargeable (£)
1	5,000	26%	250	1,000
5,001	25,000	16%	1,000	2,500
25,001	60,000	9%	2,500	5,250
60,001	250,000	6%	5,250	10,000
250,001	1,000,000	3%	10,000	20,000

1,000,001	5,000,000	1%	20,000	50,000
>5,000,000		Actual	50,000	

If you are unhappy with the way we have handled your request you may ask for an internal review within 2 months of the date of this response for Freedom of Information requests and within 40 days for Environmental Information Regulations requests.

Our internal review process is available at:

<https://www.gov.uk/government/organisations/highways-england/about/complaints-procedure>

If you require a print copy, please phone the Information Line on 0300 123 5000; or e-mail info@highwaysengland.co.uk. You should contact me if you wish to complain.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

If you have any queries about this letter, please contact me. Please remember to quote reference number 768,062 in any future communications.

Yours sincerely

Operations Customer Service Division