

From: [dft]
Sent: 30 July 2015 20:49
To: [dft]; [dft]; [dft]; [dft]
Cc: [dft]
Subject: RE: Norwich Northern Distributor Road - draft sub on cost increase

xxxx,

Fine for the AA statement not to be cleared by TASM given no new analysis has been undertaken. Also fine about current para 6 but should you not say 'we have not YET been able to verify this claim'. Particularly important that you flag that the claims will need to be verified if you include it in the main sub as you suggest below.

When can VFM be assessed, are we waiting for a revised business case from Norwich? I understand xxxx is already looking at the modelling material. If this is fairly imminent, would it not be preferable for the sub go up when we have assessed the revised VFM?

Regards

xxxx

xxxx xxxx | Deputy Director, Local Economics Division, Department for Transport
2/1x GMH | 0207 944 xxxx | 07748 xxxx

From: [dft]
Sent: 30 July 2015 12:22
To: [dft]; [dft]; [dft]; [dft]
Cc: [dft]
Subject: RE: Norwich Northern Distributor Road - draft sub on cost increase

Thanks. I will add your section and beef up the pros with a reference to the scheme being fundamental to the growth planned for the area and that it is claimed to be very high vfm although we have not verified that

xxxx xxxx | , Local Transport Funding Growth & Delivery Division, Department for Transport
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From: [dft]
Sent: 30 July 2015 11:29
To: [dft]; [dft]; [dft]; [dft]
Cc: [dft]
Subject: RE: Norwich Northern Distributor Road - draft sub on cost increase

Hi xxxx, following xxxx's comments you could replace the current 'pros' section with the following funding section. This would mean you'll need to come up with some other (non-financial pros) for the paper e.g. high profile scheme, positive economic benefits etc.

Funding

1. If you were to decide that we should provide additional funding we could seek to reduce the amount provided by negotiating a smaller DfT contribution than £15.8

million – say £10 million.

2. Although the LA majors funding has been allocated over the next few years it is likely that we could find an element of the required additional funding from delays to other schemes. This would leave a small funding pressure for future years but one that is likely to be manageable.
3. The recent first quarter forecasting exercise undertaken by the Department has also identified some emerging budget underspends and the balance to make up to £10m could be found from these (with little or no impact into future years).
4. Alternatively, we have in the past dealt with similar funding problems by advancing to an LA the funding they receive through the Integrated Transport (ITB) and Maintenance Block allocations to cover the increased cost of schemes. They would of course no longer have this funding to use for the purposes it is provided - smaller improvements and highways maintenance. We are currently paying Norfolk £4.141m annually over the next five years on ITB and on maintenance we are paying the following amounts over the next three years - £28.637m, £26.253m, and £25.459m. This would effectively be cost neutral in the longer term as an advanced payment will be clawed back over the next few years.

Hope that helps

xxxx

xxx xxxx

xxxxxx

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From: [dft]
Sent: 30 July 2015 10:57
To: [dft]; [dft]; [dft]
Cc: [dft]; [dft]
Subject: RE: Norwich Northern Distributor Road - draft sub on cost increase

Thanks xxxx

I know you include some information about finding the additional costs from delays to other projects and that this would cause delays (although it is in the pro's and not the cons), but I think we should have a specific finance section that includes this and the risks that we really don't know what our SR settlement will be so re-profiling could cause us significant pressures in future years, unless of course this is offset by a reduced formula grant in future years?

Andy, do you have a view on the availability of funds this year and the impacts this would have beyond the SR?

From: [dft]
Sent: 30 July 2015 10:47
To: [dft]; [dft]; [dft]
Cc: [dft]; [dft]
Subject: Norwich Northern Distributor Road - draft sub on cost increase

We would like to put the attached submission to Andrew Jones when he is next in the Department. I would be grateful for any comments / amendments and your approval to the sub.

xxxx – pleaser note paragraph 18 in the main text and 6 in the annex. These are factual statements so I hope you will be happy to keep them there. I am not sure these need approving by TASM but let me know.

Happy to discuss.

xxxx xxxx
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