

To: **Andrew Jones MP**

From: Name: xxxx xxxx  
Division: Local  
Infrastructure

SCS signoff: Name: xxxx xxxx  
Division: Local  
Infrastructure

Clearances obtained: (*"X" to confirm*)

Tel: 0207 944 xxxx  
Date: 16 November 2015

Copies: *Should include:*  
PS/Other Ministers  
PS/Philip Rutnam  
Special Advisers

|     |                      |
|-----|----------------------|
| n/a | Finance              |
| n/a | Analytical Assurance |
| n/a | Legal                |
| X   | Press                |

# Norwich Northern Distributor Road: Announcement of Full Approval

## Summary

1. Announcement of full and final approval of the Norwich Northern Distributor Road as previously approved.

## Timing

2. **Routine** – although it would be good to make the announcement as soon as possible given the delays that have occurred so that Norfolk can sign the contracts and mobilise the contractors to start works in time to avoid further delays caused by the bird-nesting season. In addition the Chancellor is visiting Norfolk at the end of the month. Officials have agreed that we should not delay the announcement further to fit in with this but it would be good if our announcement could be made in good time to allow the possibility of mobilisation to begin in advance of the Chancellor's visit.

## Recommendation

4. That you note the current position with the scheme and agree the draft letter to send to local MPs (Annex B). A draft press notice will be submitted by Press Office shortly. In doing so you should note the points raised by recent correspondence with a Norfolk Councillor.

## Background

5. The Norwich Northern Distributor Road scheme is one of the last of the LA major schemes originally given initial approval in 2011. It is a 20km dual carriageway road planned to run around the north of the city (see attached map).

6. You approved the funding in September and then wrote to the Chief Secretary seeking HM Treasury approval given that the total cost (£105.89m) is now over the Department's £100m delegation limit. This was provided last week. This was delayed because opponents of the scheme had started a judicial review of NCC's decision to provide additional funding. Norfolk accepted that the information provided when the Council decision was made was in part incorrect. They decided to quash the original Council decision and resubmit the decision to their Council thereby removing the basis for the JR. The complainant agreed to withdraw the JR on this basis. On 6 November the Council approved once again the scheme's funding.
7. We are now ready to announce the government's approval. This needs to be done soon so that Norfolk can sign contracts so that clearance operations can start before the bird nesting season starts in February otherwise there will be further delay and cost increases.

## **Considerations**

8. In August Norfolk County Council (NCC) sought additional funding to help cover a £30m cost increase. You approved a £10m contribution to help cover the cost increase to allow the scheme to move forward to the delivery stage given the transport and wider housing benefits it will bring which allowed NCC to submit the Final Business case. In September you approved the scheme with a revised total contribution of £83.3m and the total cost £106m and sought HM Treasury approval which has now been received.
9. You should be aware that one of the scheme's opponents, a Norfolk C.C. councillor, Cllr Boswell, has been writing to officials arguing that Norfolk's argument for the cost increase – that there has been significant and, he claims unjustified, construction cost inflation – means that approval should be withheld whilst the Department undertakes its own consideration of the cost increase. The opponents have also written to the NAO about this. Our view is that procurement of LA promoted schemes is a matter for the promoting authority - it is not for the Department to tell promoters how to procure their schemes. Whilst the sizeable cost increase is of concern, the value for money of the scheme has increased since programme entry and even at the higher cost is still "very high". Schemes do increase and in some case decrease in cost at the final approval stage.
10. The Council has subsequently refined its assessment of the reasons for the cost increase and this formed the basis of the paper presented to the Full Council on 6 November. In summary, Norfolk officials:
  - concluded that comparing the NNDR cost increase with general trends in road construction inflation was not straightforward and left scope for argument and disagreement about what was the most appropriate comparison;
  - clarified that inflation was only one of the reasons for the cost increase; and
  - tested the reasonableness of the NNDR cost increase by undertaking an assessment of the estimates including benchmarking.
11. NCC officials are satisfied that the NNDR costs remain reasonable and competitive despite the increase in costs.

12. If you wish we could delay the approval and investigate the reasons behind the higher cost. This would undoubtedly delay the scheme by some months as even if approval was eventually given it would mean that clearance work could not begin before the bird nesting season starts in February. It is also not clear what would happen once the outcome of any consideration was available. The delay caused by this and possible additional delay whilst Norfolk re-tendered the scheme (Norfolk say that would take at least six months) is likely to mean that any revised cost may well be no lower and could be even higher.
13. A further suggestion by the opponents to reduce the cost to the Council was to amend the scope of the scheme so that it ends at the A140 (by the Airport) rather than continue onto the A1067. Council officials advised their members that this could not be delivered within the powers given by the current approved legal orders which would need to be changed. Whilst under the recent Planning Act it is easier to make non-material changes to approved projects the Council believe that the substantial changes required would result in a significant delay. This is because the necessary changes are such that most of the original procedural steps would be required to be undertaken again with new evidence and with no assurance that a revised legal order would be agreed because a lesser scheme would have a different balance of benefits and dis-benefits to those of the approved scheme.

## **Value for money**

14. When you approved the scheme in September the value for money was very high with an adjusted BCR of 6.07. This has not changed.

## **Analytical Assurance**

15. No further analysis is required.

## **Legal Issues**

16. There are no further legal issues.

## **State Aid consideration**

17. There are no state aid issues.

## **Presentation and handling**

18. Assuming you do not wish to delay the scheme for further consideration of the cost, attached is a draft letter to send to local MPs for your consideration. DfT Press Office officials are liaising with HMT press office to agree the arrangements and date for the announcement. They will submit a draft press notice for your clearance shortly.

## **Clearances**

19. This submission has been cleared by Press Office.

**Charlie Sunderland**

**Copy List:**

John Dowie

Graham Pendlebury

xxxx xxxx

xxxx xxxx

xxxx xxxx

xxxx xxxx

## **Annex A – Draft Letter to MPs**

**Draft letter to send to MPs – Chloe Smith (Norwich North), Keith Simpson (Broadland), Clive Lewis (Norwich South) and Norman Lamb (North Norfolk)**

### Norwich Northern Distributor Road Scheme - Full Approval

Following the decision announced in November 2011 confirming the Government's support for this scheme, I am today pleased to announce that I have now awarded Full (final) Approval to the Norwich Northern Distributor Road scheme.

Norfolk County Council, the scheme's promoters, have completed the necessary legal and procurement processes and construction can now begin. The Department's funding contribution will be a maximum of £77.49m towards the £105.89m cost of the section of the scheme between the A47 Postwick Junction and the A140. This is on top of the £19m that the Government has provided for the Postwick Junction scheme which is under construction. Norfolk County Council will fund the extension of the scheme from the A140 to the A1067.

I understand that the scheme will open in early 2018.