

From: Norfolk CC]
Sent: 8 August 2015 13:17
To: DfT]
Cc: NCC] [DfT]
Subject: E: NNDR

Hi [DfT]

Thanks for the feedback, which is great news for the project and very welcome news this end. Thanks for your efforts in securing the very positive response from the Minister so quickly.

We are now looking at the full approval details and implications and working this through. I will get back to you soon with an update.

Regards
[NCC]

From: [DfT]
Sent: 17 August 2015 12:52
To: [NCC]
Cc: [NCC] [DfT]
Subject: RE: NNDR
Importance: High

I have heard back from the Minister. He is prepared, on an exceptional basis, to provide an additional £10m of funding from this Department towards the Norwich Northern Distributor scheme between A47 and A140.

I would be grateful if, assuming Norfolk accepts this offer, you could let me have a revised draft FA proforma showing the changed funding profile so I can continue with the assessment and seeking internal approval.

I would be happy to discuss.

[DfT] | xxxxxx, Department for Transport
x/xx GMH | 020 7944 xxxx |

From: [NCC]
Sent: 17 July 2015 08:18
To: [DfT]
Subject: RE: NNDR

Dear [DfT]

Further to our recent conversations, I set out that we are in the process of developing the target cost for the NDR project with Balfour Beatty. There were two points in relation to this that I agreed to email you about.

The first is the value of the project costs in relation to your approval processes. This is basically to consider the DfT funded scheme from the A47 at Postwick (but not including the Postwick Hub) to the A140 Cromer Road junction. The original DfT contribution was agreed as £67.5m based on a total construction cost of c. £87m. You queried whether our updated construction cost for this part of the project would exceed £100m. Having

reviewed the figures, and subject to finalising some on-going work, I can confirm that the project cost is likely to increase to more than £100m, with potential to be around £106m. I realise you will have to seek guidance on your approval mechanism based on this figure (as set out in your email below). Please do let me know if you need any more detail on this from me ahead of the full approval submission, which, as discussed, I hope to send you by around the end of July, depending on whether we have been able to agree a final target cost with Balfour Beatty.

The second point we discussed was the overall project cost and the increase in budget and whether DfT would consider an increase in its budget contribution/allocation. We still have to resolve the details, and are still working on this with Balfour Beatty, but we are looking at an overall project cost increase that could be as high as £30m. Not including Postwick (as this is already in construction), this equates to an overall NDR budget increase (since 2012/13) of around 23.4%. Applying this increase on a pro-rata basis the additional funding request we would make to you would be approximately £15.8m (23.4% of £67.5m) – resulting in a total DfT contribution of £83.3m. Please note that these numbers are very indicative at this stage and I do intend to send you more specific cost information as soon as possible, but wanted to get the initial summary details to you to consider.

Much of the additional cost is as a consequence of significant construction inflation in the last 2 years, since re-setting our budget price early in 2013. We have sought independent advice on construction inflation, and the increase we are experiencing is in line with that advice. You will be aware that the project was given funding conditional approval in late 2009 ahead of the spending review announced in May 2010. With conditional approval being re-confirmed in late 2011, we have seen a 2 year project delay, which has resulted in more recent and significant inflation increases impacting the project.

As discussed, you will appreciate that this increase is a significant issue for NCC and it jeopardises the delivery of the project, but more importantly the delivery of the growth associated with the project (as set out in the Joint Core Strategy). This could risk the delivery of a significant proportion of the 8,000 homes in the north east growth triangle and numerous jobs associated with employment growth areas, most notably adjacent to Norwich International Airport. We are undertaking significant work with our Finance team and discussing the details with the New Anglia LEP, however I wanted to make you aware of a request that we are likely to make to DfT to ensure we can deliver the NDR project, which is also part of the national infrastructure plan.

We will set out the impact of the cost increase in our full approval submission economic case update, however we remain confident that the project will remain within the ‘very high’ value for money category.

I would appreciate your feedback on the above and what mechanism you consider appropriate to progress the request for additional funding, but importantly that does not delay the full approval process.

XX.

Regards
[DfT]

[DfT]
XXXXX

xxxxxx

Communities and Environmental Services

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E-mail: xxxxxx

Norfolk County Council

General enquiries: 0344 800 8020 or xxxxxxxxxxxx@xxxxxxxx.xxx.xx

Website: www.norfolk.gov.uk

From: [DfT]

Sent: 09 June 2015 15:40

To: [NCC]

Subject: NNDR

Importance: High

Grateful for some information on the cost of NNDR to enable me to agree what approval process we need to undertake within the Department.

The total cost of the scheme DfT has approved (up to A140) is currently set at £111m of which we are providing £86m. Of this we have or will be providing £19m towards Postwick Hub (which is costing a total of £24m) which has already been approved. That leaves by my reckoning a residual scheme costing £87m of which we are to provide £67m. Are these figures correct?

We are not funding the section beyond the A140 which NCC are providing. What is the total cost of the full NNDR including the west of A140 section?

Depending on the answer we may need to seek approval from the Department's top investment decision board, chaired by the Permanent Secretary, which is sometime more difficult and time consuming.

Happy to discuss.

[DfT]

xxxxxxxxxx

x/xx GMH, Great Minster House

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