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Dear Mike,

Community Infrastructure Fund - Spending Decisions

Thank you for your application for £21m from the Community Infrastructure Fund to support the development of the Postwick Hub Junction, including adding further capacity to the existing Park and Ride site.

You will be aware that extensive work has been underway between Officials in DfT, CLG and the HCA as well as with Officers at Norfolk County Council to develop an in depth understanding of all the options that remain available to us in deciding the Government's position on funding the Postwick Hub scheme through CIF.

At present the Government's position on Postwick Hub is as follows:

- The Departments for Transport and Communities and Local Government are extremely supportive of Norwich's growth ambitions. They must however be sure that any transport solution in support of growth must be the most appropriate solution for that specific location, considering value for money, environmental and local stakeholders' concerns.
- Postwick Junction is one element of the current solution. It has been designed to link up with the proposed Norwich Northern Distributor Road (NNDR), which at present has been prioritised for funding by the East of England within its Regional Funding Allocation. But the Business Case that you have submitted is currently being assessed by the Department for Programme Entry – a critical part of the decision making process. Without the NNDR being in place, it is commonly agreed that the proposed CIF scheme at Postwick would be significantly over-engineered and is doubtful it would offer value for money. All parties do however agree that some improvements are needed at Postwick, regardless of whether or not the NNDR proceeds.
- The CIF business case submitted to DfT/CLG for Postwick Junction did not show analysis of Postwick on its own. However, using the analysis available, it was evident that the proposed Postwick scheme, as designed around the NNDR, was

unlikely to offer significant transport benefits on its own as it offered no appreciable distance or delay reductions for major flows of traffic. Indeed it appeared that, in isolation, it could produce net transport disbenefits as some vehicles would need to travel a more circuitous route through the junction. The appraisal of the NNDR full scheme (including Postwick Hub) is still subject to scrutiny by the Department and it is too early to say what the value for money of the full scheme will be.

- With this current level of knowledge and understanding of Postwick Junction, DfT and CLG Ministers do not feel they can support the CIF proposal unconditionally at the moment. However, Ministers are committed to supporting Postwick Junction once we are clear that the joint proposal for Postwick and the NNDR is the right solution for Norwich. **As such DfT/CLG Ministers have agreed to proceed with Postwick Hub on condition that Ministers grant the NNDR Programme Entry later this year.**
- This commitment should provide Norfolk County Council assurance that Ministers are committed to supporting growth in Norwich. It also provides a clear assurance that Officials in the Department will work closely with your Authority to ensure we complete our assessment of the NNDR as soon as possible.
- In addition, Ministers have agreed with the Homes and Communities Agency to offer some flexibility to enable around £10-15m of funding for Postwick Hub to extend into 2011/12. This gives flexibility to allow Postwick Hub the delivery time needed, but accommodates the need to await the decision on the NNDR.

DfT will use best endeavours to complete our assessment of the NNDR business case by September this year. In order for us to meet this timetable, Norfolk County Council will need to continue to work closely with DfT, notably providing timely and comprehensive responses to information requests necessary to complete our assessment of the NNDR Business Case. As part of this, we will need to ensure that any remaining considerations over Postwick Hub design and options (as part of the NNDR design) are also reviewed. To meet the autumn deadline, I will personally have continued oversight of information flows and will endeavour to work with you to identify where either the substantive issues or communication breakdowns are placing the decision timeframe for NNDR at risk.

In addition, we believe that further work may be needed on the Postwick Junction proposal as part of the ongoing consideration of the joint scheme. In particular, Officials in DfT will need further analysis of the Park and Ride extension proposal, which did not appear to be comprehensively covered in the CIF business case that we have received.

It would also be open to Norfolk County Council to review the Postwick Junction design and prepare an alternative option that is less dependent on the NNDR. The Departments would be willing to review any alternative proposal and, subject to proving its economic and sustainability benefits, would offer CIF funding for that scheme instead.

More strategically, we must continue to work together to ensure the design for the NNDR maximises its own potential, in congestion, value for money and sustainability terms. I know we are due to meet shortly – Steve Berry will confirm a date in the next few days - when I am keen to discuss this in more detail with you.

Today's announcement about Postwick Junction reflects Government's commitment to support growth in Norfolk, whilst ensuring that we work together to ensure this is the best possible solution for the people of Norwich.

I look forward to working together over the forthcoming months to secure the right future for Norwich's transport needs and housing growth aspirations.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'JD', with a horizontal line extending from the end of the signature.

John Dowie