

Report for Information

Report to Executive
4 March 2009
Report of Assistant Director City Development
Subject Greater Norwich Growth Point Funding Update

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Purpose

To update the Executive on the latest position in relation to the allocation of Government grant for the Greater Norwich area to deliver housing growth in the period 2009 -11.

Recommendations

To note the progress made to date in relation to the essential allocations proposed for the Greater Norwich area and to comment on the schemes that are still under consideration for funding.

Financial Consequences

The financial consequences of this report are that Norfolk County Council are the accountable body for the whole of the funding. Greater Norwich Development Partnership coordinates the programme delivery across the three local authorities. Norwich City council resources the internal coordination of programme delivery through existing staff.

Risk Assessment

Once the final allocations of funding have been approved a full risk assessment will be carried out on each project.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority “Strong and prosperous city – working to improve quality of life for residents, visitors and those who work in the city now and in the future”.

Executive Member: Councillor Morrey - Sustainable City Development

Ward: To be confirmed once final allocations approved.

Contact Officers

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Background Documents

See Appendix 1: Growth Point Funding 2009-11.

Report

Greater Norwich Growth Point Funding Update

1. In 2006 Greater Norwich was identified as a New Growth Point to support the demand for new housing and employment. The Greater Norwich Development Partnership consists of Norwich City, Broadland, South Norfolk and Norfolk County councils along with the Broads authority and is tasked with the co-ordination of a strategic approach and the delivery of the Growth Points programme. Work is already underway on a number of projects as part of the 2008-9 programme and these are detailed on pages 1 and 2 of the Appendix 1.
2. In December 2008, the Government announced that Greater Norwich Development Partnership had been successful in a further bid for capital and revenue funding and over the period 2008 to 2011 the GNDP have been allocated £15.49m for capital and £1.268m for revenue. A significant proportion of these two sums has already either been spent or committed.
3. The revenue funding has been allocated to support work on the Joint Core strategy and the GNDP officer team. Work has been carried out by officers to develop an assessment framework for the allocation of the capital funding and this was discussed by the Greater Norwich Policy Group on the 19th February.
4. The Policy Group were able to reach consensus on the Committed Projects identified on page 2 of Appendix One because these are extensions of projects commenced in 2008.
5. The Policy Group agreed to support two “Essential Strategic” projects relating to the development of the Norwich Research Park on page 3 of Appendix One.
6. However, the Policy Group required further work on specific projects to determine the final allocation of £3.7m. In response to this request a business case is being prepared for the following initiatives that will demonstrate their strategic significance, potential impact and deliverability:
 - (1) Phase 1 of a bus rapid transit scheme for Dereham Road.
 - (2) UEA/NRP Enterprise centre to link the academic excellence of the university with the business community.
 - (3) New business units at Hethel Engineering Centre.
 - (4) Pump priming fund to support new housing growth.
 - (5) Minor engineering and environmental works budget.
7. The total cost of the above schemes exceeds the funds available and it is likely that only 1 or 2 projects can proceed. The GNDP will seek to prioritise this expenditure at their next meeting.
8. Members are therefore able to see which projects are likely to move forward in 2009-11 and are asked to provide feedback on the above “Other Strategic

Projects” (detailed on page 4 of Appendix One).

GNDP: Growth Point Funding 2009-2011**Introduction**

- 1 In December 2008 the Greater Norwich Development Partnership (GNDP) received confirmation from the Department of Communities and Local Government (CLG) of the funding allocation for the period 2009-11. In order to be effective this funding will need to be prioritised to ensure it has the maximum impact and supports the step-change required to deliver the growth programme. This paper sets out a number of funding options for the GNDP Policy Group to consider.

Background

- 2 The funding allocation announced by CLG on 10th December 2008 is set out below

	2008/09 allocation	2009/10 allocation	2010/11 provisional allocation	Total
Capital	£3,858,869	£4,722,371	£5,639,286	£14,220,526
Revenue	£411,475	£428,376	£427,825	£1,267,676
	£4,270,344	£5,150,747	£ 6,067,111	£15,488,202

This is an increase of approx 43% on the earlier indicative allocation for the period 2009-2011, which is welcomed although still wholly inadequate in relation to the total requirement.

Project spend in 2008-09

- 3 In 2008-2009 the funding allocation was used to pay for a number of projects to support the emerging growth programme. These projects were selected on a pragmatic basis to ensure that an early start in investment, while not compromising decisions about the overall pattern of growth. The table below sets out the spend to the end of March 2009:

Committed 2008-09 project spend	Actual Expenditure
Provide expressway style public transport infrastructure on A1074 and B1108	£143,000
Bus Priority Measures on the Newmarket Rd	£25,000
St Augustine's Gyratory – design work	£458,000
Postwick Park & Ride / Roundabout - design work	£140,000
Postwick Hub – design work	£550,000

Northern Norwich Distributor Route – design work	£500,000
St Anne's Wharf Bridge – supports the funding received from the East of England Development Agency	£72,500
Grapes Hill Bus Priority Measures – supports the funding received from the East of England Development Agency	£84,000
Dereham Road bus lane – design work	£20,000
Longwater Interchange – design work	£120,000
Green Infrastructure Projects	£365,000
2008/09 Totals	£2,477,500
Balance after 2008-09 deducted	11,743,026

Funding Committed to Projects for the period 2009-11

- 4 As a result of these decisions, and the need to top-up the CIF bid, we are carrying forward the following commitments:

Committed Projects 2009-2011	Funding required
St Augustine's Gyratory	£1,760,000
Newmarket Road Bus Priority Measures	£340,000
Completion of work to install Real Time information Boards and DDA compliance measures on key radial routes on the Dereham Road	£30,000
Postwick Park & Ride / Roundabout dependent on the outcome of the Community Infrastructure Funding bid, announcement expected end Feb/early March 09	£3,500,000
Further design work on Norwich Northern Distributor Road	£500,000
Longwater Interchange – work to complete the preliminary stage design, costing, traffic modelling, environmental work, stage 1 safety audit and obtained HA approval.	£200,000
Catton Park – Education Building b/f from 2008/09	£250,000
Committed 2009/10 Total	£6,580,000
Balance after 2009-10 deducted	£5,163,026

- 5 This leaves a balance from the funding allocation for the remaining two years up to March 2011 of approx £5.1m.

Prioritisation

- 6 The full list of projects that were identified in the Programme of Development that was submitted to CLG in October 2008 came to a total of approx £80million.

With only £5.1m to allocate across the whole programme, the Directors have looked at how the money could be spent on a few strategic intervention projects that would have a real impact in terms of the GNDP's objectives, rather than on a series of smaller projects, which while they might have merit in their own right, are not going to provide the visible impact that will build confidence in the longer-term programme

- 7 The criteria used to come up with a list of key strategic areas for funding was limited to some key element and is relatively straightforward:

1. Potential impact	<ul style="list-style-type: none"> • Potential to deliver housing growth or job growth • Benefits of the project, i.e. level of strategic impact
2. Deliverability	<ul style="list-style-type: none"> • Capacity to deliver by 2011 • Nature and scale of risk
3. Funding	<ul style="list-style-type: none"> • Value for money <p>Funding sources from other sources e.g. partner organisations/developers</p>

Projects Considered Essential

- 8 Given the shift in the economic climate since the POD was first produced, the Directors felt it appropriate to give greater emphasis to employment creation. On this basis, and using the criteria in section 7, the following projects were identified as essential as they meet the requirement to provide strategic intervention and job growth.

Essential Project	Benefits of delivery and investment	Cost
Genome Analysis Centre (TGAC) project	The successful delivery of this project will create a world-class centre for genomic research and support 450 new jobs. It will also raise the international profile of the Norwich Research Park and attract additional investment. A significant investment has been made by each authority and the Biotechnology and Biological Sciences Research Council (BBRSC), the £500k growth point funding would provide the balance to commit to the project.	£500k
Institute of Food Research 2 (IFR2) project	This facility is needed to provide essential grow-on space for existing tenants of the Norwich Research Park bio-incubator. The Norfolk and Norwich University Hospital has already committed to rent a whole floor of the building, making them the anchor tenants. If this project does not go ahead the hospital will have to spend their money on refurbishing an old building on their site with a very short life-time. By 2021 it is expected this will have created around 500 new jobs.	£1m

	A significant risk exists that these companies will leave the area in order to expand if the building does not go ahead soon.	
Essential projects total		£1,500,000
Balance after essential projects deducted		£3,663,026

Assuming these projects are agreed as essential this leaves balance of £3.6million to be allocated.

Other Strategic Projects for Funding Support

9 The options explored for allocating the balance of £3.6million are:

9.1 Investment in Bus Rapid Transit (BRT) programme

Transport is perhaps the main infrastructure constraint on Norwich's long-term growth. Development of the JCS has identified Bus Rapid Transit (BRT) as the key complementary measure to the NDR in ensuring the sustainable development of the area. The note at Annex A provides an indication of the overall approach and likely network. The network will need to be developed over a 5-10 year period, using a variety of funding sources. In terms of deliverability, the Dereham Road corridor is considered to be the place to start the programme. Making an early start on the network is seen as being essential in demonstrating commitment to tackling what is generally recognized as, along with jobs, as the main growth challenge.

The Dereham Road public transport corridor

Improvements between the inner ring road and the outer ring road, including Junction improvements at:

- outer ring road and Dereham Road junction - £3m
- Old Palace Road, ban turn and remove lights - £0.5m
- Enhanced bus priority at ring road/Dereham Road junction - £1m
- Inbound bus lane between Northumberland Street/Old Palace Road - £0.7m
- Dereham road/Bowthorpe road roundabout bus lane extension - £1m

If BRT improvements is seen as an investment priority, the recommendation is that because of the current demand and planned growth in the Western Quadrant (including key employment sites) the improvements on Dereham Road public transport corridor should be first phase of a BRT programme.

Total cost BRT on Dereham Road estimated at £6.2m

It is also possible to phase the project by delaying work on the Dereham Road junction – **Phase 1 would cost £1.5 - £2.7m and could be delivered in the next 2 years.**

9.2 Enterprise Centre

The development of the Enterprise Centre will provide a facility for enhancing the commercial interactions of the Low Carbon Innovation Centre and the Norwich Business School. It includes 3,700m² of incubation space targeted at environment related businesses. It will provide a single gateway for the University of East

Anglia (UEA) to engage with businesses and for businesses and vice versa. It will aim to boost the competitiveness of local businesses through advice, technology transfer, commercialisation and by allowing businesses to access students as a resource.

This project will give support to existing and struggling businesses and will expand on the Norwich Research Park's (NRP) innovation, incubation and commercialisation activities and improve access to the NRP knowledge base and expertise for local businesses.

The number of jobs created is estimated at 160 jobs by 2014 and 613 jobs by 2021, as well as expanding jobs within the existing businesses that would work with the new Centre.

The total estimated cost is £10m – sources of additional funding could come from a variety of places:

- £4m from European Regional Development Fund (ERDF) programme this would need to have matched funding
- £2m from University of East Anglia (UEA)
- with contributions from Norwich City Council in kind in terms of Earlham Hall and adjacent land.
- Additional funding could be forthcoming from Higher Education Funding Council for England (HEFC), and East of England Development Agency (EEDA). It is now uncertain whether EEDA will have any funds to contribute to the Enterprise Centre project. This means at the moment there does not appear to be a viable solution to deliver this project, therefore

The maximum funding from GNDP would be £1m - this leaves a shortfall of £3m

9.3 Hethel Engineering Centre Phase II

Hethel Engineering Centre has been alternating between being at virtually full capacity and having a small number of vacant units for the past year. However, interest is currently very strong and demand is exceeding supply. The quality of the enquiries is also exceptional, with all fully satisfying the aim for HEC to only host knowledge based businesses. The next phase of HEC (2) is to construct a 400m² two story extension with between 8 and 20 additional units, plus further conferencing and catering facilities that would facilitate an additional 100 jobs. It would also achieve full sustainability for HEC, enabling more effective interventions.

The cost is estimated at £2m. Alternative sources are also being explored but are not secure.

9.4 Pump-priming Housing Growth

To create rolling fund that can be used to pump-prime key development sites so that Housing Associations can begin building on sites that cannot go ahead currently because of the effects of the credit-crunch. The funds required to get the site off the ground would be re-paid either by the Housing Associations on completion or phased repayment by the developer of the market housing on the

completion of individual housing units. This is an approach that is being developed in Suffolk using growth point funding.

Total cost estimated £2 - £4m

9.5 Environment and Green projects

Sustainability is built into a number of the proposed interventions, particularly BRT. There are specific green projects such as Catton Park are included and all of the projects will incorporate environmental and green aspects. The outputs of the eco-network projects that are due to complete this year will identify a further round of specific green infrastructure projects that members can consider on completion of studies.

A minor works budget for green projects, public realm, etc is suggested at £500k

9.6 NRP Vision and Design – funding to support the development of design work in relation to access the Norwich Research Park was agreed as a priority. There is a question as to how much of this is revenue funding and how much of it can be charged to the capital budget, as much as possible will be charged to the GNDP capital budget and we are confident that this can be found from within the budget.

9.7 Revenue Budget - The revenue budget for the GNDP Programme remains a problem and is highlighted as a particular issue. The allocation for 2009-11 is fully committed to supporting the GNDP office; this includes the salary of the GNDP Partnership Manager and the team, the communications contract, accommodation costs and further studies. The problem of finding further revenue support needs to be addressed.

Projects that will not be funded

10. It is important to note that if the £5.1m is allocated against the options as described above a number of other projects that were seen as important projects will not be funded:

The Halls – this project was not funded as it is dependent on the Heritage Lottery Fund bid of £7.3m and other capital contributions which are not secured. The request to GNDP was for development costs of £350k however, it was considered too risky to commit this whilst the overall package remains so uncertain.

Rose Lane Redevelopment - Omitted as this requires revenue to commence the project

St Stephens Redevelopment – requires £50k revenue and £850k capital, no revenue available

Deal & Utilities – the funding required is revenue – and there is no revenue funding available

North City Workshop Space – This project was scored as a lower priority owing to lack of certainty of this project being deliverable by 2011, and additional funding potentially being required to complete (Compulsory Purchase Order etc)

Tombland Redevelopment - Revenue investment required to commence the project and no revenue funding available

St Benedicts Public realm – Scored as a lower priority project owing to lack of deliverability and other sources of funding being made available

King Street Public realm – Scored as a lower priority project owing to lack of deliverability & funding for future phases to complete the work,

Conclusions and Actions

- 11 In summary the suggested approach to allocating the growth Point Funding for the remaining period of 2009 March 2011 is to concentrate on delivery of a few strategically important projects that will have the most impact, particularly around employment creation and making a start on a network of BRT.

The list of proposed projects is to spend the £5.1m on is:

Essential Projects	Cost
The Genome Analysis Centre (TGAC) project	£500k
Institute of Food Research 2 (IFR2) project	£1m
Options for other Strategic Projects	
Bus Rapid Transit along Dereham Road £6.2m for the full programme of £2.7m for Phase 1	£1.5 – 2.7m
Enterprise Centre	£1m
Hethel Engineering Centre Phase II	£2m
Pump-Priming to support housing growth	£2 - £4m
Minor works budget	£500k

Members are asked to:

- a) to approve this approach to the allocation of funds and support the projects that are seen as essential
- b) select projects from the list of options, either supporting an individual project or a combination. For example, support for the Bus Rapid Transit project and Pump-Priming to support housing growth.

Growth Point Funding Prioritisation

Bus Rapid Transit (BRT) Overview

BRT is a holistic approach to the delivery of high quality transport. It combines high quality vehicles with high quality services supported by physical infrastructure and a campaign of marketing and branding.

In order to support sustainable growth within the Norwich Policy Area it is necessary to deliver a step change in public transport delivery. Our plans for this include:

- A BRT network of up to 6 routes linking the Norwich city centre, railway station, new large-scale areas of growth, employment and other key transport routes.
- Improvements to infrastructure including on-street bus priority on rapid transit routes, and other core routes, improvement to interchange points and bus stops, and city centre bus priority to complement existing provision.
- High quality vehicles with low emissions
- Pre-pay ticketing infrastructure at least on all rapid transit routes.

A BRT system will help to lock in the traffic relief benefits generated by a Norwich Northern Distributor Road, by reallocating road space to buses as part of the overall NATS package.

A vision for six BRT corridors is shown on the attached plan. As the proposed locations of growth become clearer, and we do more work to identify the public transport requirements of growth and the feasibility of delivering this, we will refine the corridors. One of the routes to the north east could connect the city centre with the proposed Eco-community. Bus priority will be delivered along each of the BRT corridors, including the provision of some on-street bus running lanes and advanced priority through junctions. We intend to take a whole-corridor approach to delivering this. Each of the BRT corridors will cross the city centre so further bus priority will be implemented here to ensure a consistent quality of service across entire routes.

The scheme includes improvements at interchanges, delivering high quality stops along BRT corridors as well as improvements at key interchanges both within the city centre and adjacent to major growth areas or employment destinations.

The final element of this Rapid Transit scheme is transforming the ticketing infrastructure to require pre-pay tickets prior to boarding all BRT services. This will reduce dwell times at bus stops and improve reliability and speed of journeys.

We envisage these measures to be delivered through partnership working with bus operators. This will mainly be through voluntary partnership agreements, but a Statutory Quality Partnership may be appropriate to set quality standards for access to the new BRT infrastructure. This would reduce the risk of service quality being undermined by low quality competition.

Partnerships agreements would provide a mechanism to secure commitments from operators to invest in high quality vehicles and pre-pay ticketing infrastructure and to cover ongoing revenue costs of a pre-pay ticketing system.

Opportunities to bring forward BRT schemes

The initial focus of the investigations has been to support the Eco-Community proposals to the north east of Norwich as the timetable for the Eco-community runs in advance of other major growth.

Some initial scoping work has identified possible opportunities for interventions on the Salhouse Road corridor as part of the work briefed. These measures will require land purchase, impact on residential parking and impact on general traffic flows on the ORR. This work is at a very early stage.

As the interventions are yet to be modelled it is potentially very risky to earmark them as a deliverable scheme, particularly given the relationship with the wider growth in the north east of Norwich and the NDR.

Also, there is no justification for infrastructure improvements up front without a firm commitment from bus operators to deliver bus services as there is currently no high frequency bus service on this corridor. The developer would need to work with operators to develop an integrated and phased programme for the delivery of bus services and development and to underwrite initial operating costs for the new service.

Improvement to the Dereham Road public transport corridor would appear to present the obvious opportunity to bring forward a BRT scheme. Dereham Road is currently a high frequency bus corridor with in excess of 20 buses per hour during peak periods. The bus corridor serves growth and employment areas at Longwater, Lodge Farm, West Costessey (Queens Hills) and Bowthorpe. Development in many of these areas is already underway or committed. A BRT scheme on Dereham Road would build upon the significant bus priority measures already in place as a legacy of the 1990's Western Corridor Bus Quality Partnership project and also links with the Joint Investment Plan. The existing Real Time Information screens on Dereham Road are currently being updated using Growth Point funding. Improving bus working on Dereham Road would make it more attractive for buses, making the route more reliable and cutting journey times. This could provide particular benefits for the Costessey Park and Ride service, which in-turn may attract more passengers to the service.

A vision for BRT on Dereham Road

The table below suggests a possible whole corridor treatment.

Element	Description	Indicative cost
1	A47 Longwater Interchange Longer term: Inbound bus lane from Easton	Could be included as part of interchange improvement
2	Longwater Lane junction Short term: Selective Vehicle Detection (SVD) Longer term: Inbound bus lane	£50,000 £ no estimate yet
3	Bowthorpe Roundabout Longer term: Segregated bus priority to avoid junction and link with extended bus lane on dual carriageway, east of roundabout	£500,000 to £1,000,000
4	Norwich Road junction Short term: Selective Vehicle Detection (SVD)	£50,000
5	Larkman Lane junction Short term: Selective Vehicle Detection (SVD)	£50,000
6	ORR Sweetbriar Road junction Short term: General capacity improvement with possible outbound bus lane. Requires land acquisition	£3,000,000 to £4,000,000
7	Old Palace Road junction Short term: Ban some turns and provide inbound bus lane (Higher cost if carriageway widened to retain right turn lanes and currently assumes most public utilities in existing footway require diversion. Lower cost if no carriageway widening but will see the loss of right turn lanes) Unlikely that a final decision will be made until cost and extent of public utility diversions for the widening scheme has been agreed with utility companies	£800,000 to £2,000,000
8	IRR Barn Road/Grapes Hill junction Short term: Enhanced inbound bus priority with possible inbound bus lane Longer term: Widen approach to signals on Dereham Road and widen Grapes Hill to Dereham Road left turn both would require land acquisition	£500,000 £no estimate yet
9	Ticketing infrastructure	£100,000
	TOTAL CORRIDOR	£5,050,000 - £7,750,000

Implementation of the Dereham Road BRT corridor

A whole corridor approach to delivering BRT on Dereham Road will be adopted. This means that the corridor will be designed as one project to ensure that all the proposed elements complement each other. Funding limitations will almost certainly require a phased implementation of individual elements over a number of years.

The first priority should be to concentrate on delivering the section between the ORR and the IRR as there are no existing bus priority measures on this section and BusNet data indicates this is where buses operating on the corridor experience the greatest delay and journey time variability with the top priority being the ORR junction (element 6).

Although top priority it is unlikely that the ORR junction improvement could be delivered within the next two years as it will require land acquisition.

Elements that could potentially be delivered within the next two years if funding were available are:

- 10 Element 2: Longwater Lane junction, Selective Vehicle Detection (SVD) £50,000;**
- 11 Element 4: Norwich Road junction, Selective Vehicle Detection (SVD) £50,000;**
- 12 Element 5: Larkman Lane junction, Selective Vehicle Detection (SVD) £50,000;**
- 13 Element 7: Old Palace Road junction, Short term: Ban some turns and provide inbound bus lane £800,000 to £2,000,000;**
- 14 Element 8: IRR Barn Road/Grapes Hill junction, Short term: Enhanced inbound bus priority with possible inbound bus lane £500,000;**
- 15 Preliminary design for elements 3 and 6 £50,000.**

The total estimated cost of the above elements is £1.5 – 2.7m

Although elements 7 and 8 are capable of being delivered within 2 years, it should be noted that they require the reallocation of road space to buses, removal of on street parking and restrictions on some turning manoeuvres. These issues are sensitive and will require approval from Norwich Highways Agency Committee to undertake a full public consultation with objections considered by Committee before the schemes can proceed to construction.

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12th February 2009 (Final)

