

# Navigation Committee

12 January 2023

Agenda item number 10

## East Norwich update on redevelopment

### Masterplan

Report by Head of Planning

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#### Purpose

This report updates the Navigation Committee on the Stage 2 work for the East Norwich regeneration area. Details on the costs and viability are set out so Members are aware of the context of the approach to the redevelopment. The views of the Committee are sought on the issues listed in paragraph 3.2.

#### Broads Plan context

**C2** - Maintain existing navigation water space and develop appropriate opportunities to extend access for various types of craft

**D1** - Record, protect and enhance local built and cultural features, archaeology, geodiversity and potential hidden heritage, including 'at risk' assets

**E1** - Improve the integrated network of access routes and points (with easier access for people with mobility and sensory needs), linked to visitor facilities

**F4** - Provide up-to-date planning policy, site-specific allocations and planning guidance to support local community needs and ensure development happens within environmental limits

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### 1. Background

1.1. Members will be aware of the East Norwich regeneration area, covering the Carrow Works, May Gurney and Deal Ground sites to the south of the River Wensum and the

Utilities Site to the north and comprising in total over 50 hectares of land. There is a plan attached at Appendix 1. Navigation Committee received a presentation about the East Norwich Masterplan on 13 January 2022, and had the opportunity to visit the site on 11 March 2022.

- 1.2. These sites are identified for redevelopment in the Greater Norwich Local Plan, and Norwich City Council has been granted £700,000 Town Deal funding to develop a scheme(s) here. In 2020 the East Norwich Partnership was formed to lead the development of a strategy for the area, and in March 2021 Avison Young were appointed by Norwich City Council on behalf of the Partnership to lead a multi-disciplinary team in the preparation of a Masterplan for the area.
- 1.3. The purpose of the Masterplan was to explore in detail how the strategic vision for the redevelopment of East Norwich could be delivered, based on a thorough understanding of the constraints and opportunities within the area, and the city more widely. The East Norwich Partnership set the brief for the Masterplan commission, seeking a number of outcomes and outputs across two stages of work.
- 1.4. At Stage 1 the Masterplan was to demonstrate:
  - A coordinated understanding of development constraints such as flooding, ecological designations, utilities infrastructure and heritage designations;
  - Identification of development requirements and opportunities across residential, commercial, community, health and education uses;
  - A framework Masterplan that brings these together and establishes a robust quantum of development that East Norwich can accommodate; and
  - An initial assessment of viability and delivery considerations.
- 1.5. Stage 1 was delivered in 2021 and the outputs included in a report which was the subject of public consultation. It identified the capacity for 3,632 new homes, 63,000sqm of non-residential space, including a new 2 form entry primary school and the potential to accommodate 4,100 FTE jobs.
- 1.6. A visit to the sites and a workshop for members was held on 11 March 2022. This set out the work to date on the Masterplan and identified some of the key issues to be addressed at Stage 2 and beyond.
- 1.7. Stage 2 required the following:
  - Refinement of the Stage 1 Masterplan into a new Supplementary Planning Document (SPD) to support the site allocation in the new Greater Norwich Local Plan (GNLP);
  - An Infrastructure Delivery Plan (IDP) that establishes the key infrastructure that is needed to deliver East Norwich vision, the costs of this infrastructure, when it is needed and the potential sources of funding; and
  - A more detailed assessment of viability to inform a delivery strategy which considers issues such as timing and sequencing of development, funding needs, financing requirements and potential delivery mechanisms.

- 1.8. Significant work has been completed pursuant to Stage 2, with a draft SPD prepared. However, the adoption of this has been held up by delays in the Examination of the Greater Norwich Local Plan. Originally intended for adoption in 2022, the SPD will not now be in place until later in 2023.
- 1.9. A draft Delivery Strategy has been prepared, which brings together the development aspirations set out in the draft SPD and the infrastructure needs established in the IDP and considers how the East Norwich vision can be achieved. Like the SPD itself, the Delivery Strategy is not a 'blueprint' for bringing the area forward but rather an evidenced assessment of the options and potential approaches to delivery that the Partnership (either together or individually) may need to consider in order to realise the potential of East Norwich.
- 1.10. There are a number of elements in the Delivery Strategy which are of particular importance to the Broads Authority and these are set out in section 2.
- 1.11. Further information on the Delivery Strategy can be found in this Delivery Report which was prepared and presented to Norwich City Council's Cabinet in June 2022: [Cabinet report - East Norwich Delivery Report](#).

## 2. The Delivery Strategy

- 2.1. The Delivery Strategy considers three main elements – the infrastructure requirements, costs and funding and, finally, sequencing and timings. These elements are all linked and changes in one will affect the others.

### **Infrastructure requirements**

- 2.2. The costs arising from the development and for elements which are required to facilitate and support the development are treated as infrastructure costs. The scope of these is wide and includes items such as on-site and off-site access improvements, planning obligations covering (for example) affordable housing and education provision, flood protection measures and community facilities. The IDP provides a schedule of the requirements and this is set out at paragraph 5.11 of the [Delivery Report](#).
- 2.3. The total cost of the infrastructure was calculated at £153M at May 2022. The costs of the infrastructure will be applied proportionately across the development/developers.
- 2.4. The sites comprising East Norwich are heavily constrained by site-specific factors including flood risk, contamination and utilities infrastructure and these will increase the infrastructure costs. The IDP added these abnormal site costs to the infrastructure costs and together they totalled over £225M at May 2022. In addition to creating costs, the constraints also limit the amount of developable land which reduces the area over which the costs can be applied.
- 2.5. The infrastructure costs of most relevance for the Broads Authority are those around access to and between the four component sites. The sites currently have different standards of access and this impacts on their potential for development. Carrow Works is relatively well served from the principal road network, as is the May Gurney site, but

the Deal Ground can only be accessed via the operational minerals' railhead and asphalt plant site at Trowse, whilst the Utilities Site is effectively cut off to all but essential works traffic by the railway to the north and west and the river to the south. None of these accesses are appropriate for the level of development identified in the Masterplan, and whilst the better served sites could be developed independently, neither the Deal Ground or the Utilities Site could be developed without new accesses being provided. These would need to be through the other sites, with the Deal Ground access going through the May Gurney site, and the Utilities site going through the Deal Ground. Unless these accesses are achieved both these sites are, in effect, sterilised.

- 2.6. At a strategic level, however, the achievement of the Masterplan vision for a new urban quarter integrated into the city requires more than the provision of access to the Deal Ground and Utilities site. Whilst new accesses would open up these two sites, the Masterplan vision requires the creation of a network of new links between and to the sites, including new bridges, roads and cycle/footpaths to link the developments together and stitch them in to the existing urban fabric. These links, particularly the identified bridges, would have a significant impact on navigation upstream of Trowse Eye. This has been considered previously by the Navigation Committee, which resolved that any new or replacement bridges on the River Wensum be opening structures.
- 2.7. As a result of the work done as part of Stage 1 and Stage 2 of the Masterplan there is now considerably more information available on how these bridges and other links might come forward, the opportunities they provide and the costs. This is set out in the Delivery Strategy and can be summarised as follows:

<b>Infrastructure</b>	<b>Purpose</b>	<b>Status</b>
1. New all modes bridge between May Gurney site and Deal Ground. Across River Yare, approx. 150m downstream of Trowse road bridge (fixed bridge, limit of navigation)	(a) Provides vehicle access to Deal Ground (b) Contributes to vehicle access to Utilities Site.	(a) Essential for development of Deal Ground. (b) Essential for development of Utilities Site.
2. New all modes bridge between Deal Ground and Utilities Site. Across River Wensum, approx. 100m downstream of Trowse rail bridge (fixed or opening bridge).	(a) Provides vehicle access to Utilities Site. (b) Provides emergency access for Deal Ground and May Gurney sites.	(a) Essential for development of Utilities Site. (b) Essential for development of Deal Ground
3. Upgraded underpass between Geoffrey Watling Way and Utilities Site.	(a) Provides emergency access for Utility Site. (b) Provides pedestrian/cycle access to Utilities Site.	(a) Essential for development of Utilities Site.

Infrastructure	Purpose	Status
		(b) Necessary to achieve east-west links to and within scheme
4. Upgraded underpass between Carrow Works and Deal Ground	(a) Provides emergency pedestrian/cycle access to Deal Ground (b) Provides pedestrian/cycle access to Deal Ground	(a) Essential for development of Deal Ground. (a) Necessary to achieve east-west links to and within scheme
5. New pedestrian/cycle bridge between Geoffrey Watling Way and Carrow Works. Across River Wensum, approx. 100m downstream of Carrow Road bridge (fixed or opening bridge)	(a) Provides pedestrian/cycle access to Carrow Works.	(a) Necessary to achieve east-west links to and within scheme.

- 2.8. The Delivery Strategy does not specify whether the new bridges over the River Wensum would be fixed or opening structures as it is a strategic document and this detail will be a matter for any planning application. The different impacts and costs associated with both a fixed and opening bridge are, however, set out in the costs and funding section of the Delivery Strategy.
- 2.9. The Masterplan identifies the construction of a marina on the Utilities Site, to be located downstream of the final bridge, and which would have two purposes. Firstly, were the new bridges to be fixed structures, the marina would offer visitor and short-stay moorings for vessels unable to navigate beyond these. It should be noted that the height of any new bridges would be required to be no lower than the existing bridges (4.1m MHWLS [Mean High Water Level Springs]), so vessels that can currently access Norwich without requiring Trowse railway bridge to open could continue to do so. The second purpose of the marina would be to provide a focal point for this part of the site and to increase its attractiveness; this would also increase land values. There is also a second marina proposed, located on the Deal Ground between the final bridge and Trowse railway bridge. This smaller basin is proposed primarily as a leisure facility, where day boats, paddleboards and canoes could be hired, but it would also create a destination and a welcome sense activity on the river.
- 2.10. It is noted that the costs of these various links and bridges is significant, but provision of the infrastructure will unlock greater development values and improve viability.

#### **Costs and funding**

- 2.11. The IDP includes a comprehensive viability assessment of the development as a whole. Viability assessment is a specialist area of work, but the basic premise is that the

methodology uses comparable data to ascertain the value of the site once complete (the Gross Development Value) and then deducts all development costs to provide a surplus amount which is the total of both the 'land value' and the developer's profit allowance. This is then benchmarked against typical developer profit expectations and the Existing Use Value of the site to determine whether there is sufficient surplus generated for it to be likely that the scheme will come forward for development in the short/ medium term. It then models a series of scenarios across the four phases to calculate the point at which the development becomes viable. The assumptions used for items such as % of affordable housing, land values and developer profit will affect viability, so the modelling seeks to capture these (and other factors) at different levels. It is important to note that appraisals are highly sensitive to changes in values and development costs involved and small changes in the values can alter viability.

- 2.12. The base assessment shows that the development is not independently viable. It is noted that this position is largely as a result of the high level of abnormal infrastructure costs, which is calculated across the sites as follows:

Site abnormal works and infrastructure costs	Assumption
Carrow Works	£86,699,000
Deal Ground	£60,407,000
May Gurney	£23,555,000
Utilities Site	£55,144,000
Total	£225,804,000

- 2.13. The Viability Assessment then considers actions which would improve viability, either by removing elements to reduce cost or introducing additional funding. It sets out four potential scenarios which are summarised as follows:

Sensitivity Analysis	Total surplus	Profit on GDV
Version 1 – Stage 2 Cost Plan i. Reduced Buy To Rent and Affordable Housing timings; ii. Reduced infrastructure costs to £153m, through removal of bridge x 4 and Trowse underpass costs; iii. Inclusion of residential and commercial GDV 1% pa net growth reflecting placemaking / regen premium	- 39, 530, 483	- 4.12%
Version 2 – as version 1, plus i. inclusion of £153m infrastructure-related public sector grant (In order to generate 20% profit on cost a further £40m of savings would be required)	+ 152,690,584	+ 15.90%

Sensitivity Analysis	Total surplus	Profit on GDV
Version 3 – as version 2, plus i. reduction to 20% affordable housing provision	+ 243,649,474	+ 22.96%
Version 4 – as version 3, plus i. reduction to 20% affordable housing provision and target (in order to generate 15% Profit on GDV would require a £84.5m subsidy)	+ 158,806,986	+ 14.97%

- 2.14. Version 1 indicates that the viability shortfall could be reduced by the removal of elements of the infrastructure including the bridges, however, as outlined at para 2.4, new accesses are essential to bring forward the Deal Ground and Utilities sites and this cannot be achieved without bridges. The vehicle bridge from the May Gurney site to the Deal Ground, which would cross the River Yare 150m downstream of the fixed Trowse road bridge at the limit of navigation, is costed in the Viability Assessment at £2.5M. The vehicle bridge to link the Deal Ground to the Utilities site, which would cross the River Wensum downstream of the Trowse Rail bridge is costed at £4.8M. Both of these costs are for fixed bridges. The Navigation Committee has objected to the principle of any fixed bridge over the River Wensum, requiring that only opening bridges are constructed. It is estimated that an opening bridge across the River Wensum would cost at least twice that of an opening bridge, i.e. >£9.6M, and there would also be increased on-going maintenance and management costs. Removal of these bridges from the scheme would reduce costs, but would decrease the development area by between 22% and 50% through the loss of the Utilities Site and Deal Ground.
- 2.15. There are two further bridges proposed and although neither of these are fundamental to bringing sites forward, they are designed to improve connectivity and place making. Both are pedestrian and cycle bridges only and are costed as fixed bridges. The first, at £2M, would be across the River Yare to the north-east of the Deal Ground, close to Carrow Yacht club, to link directly to Whitlingham Country Park. The second would be located between Trowse Rail bridge and Carrow bridge and is costed at £4M. As above, the minimum deck height of these could be stipulated at 4.1m MHWLS.
- 2.16. The marinas have been calculated as costing £12M and £6M respectively, so were they removed from the scheme this would save £18M.
- 2.17. Removal of any of the individual elements identified above will not have a significant impact on viability, but it is noted that there could be a major knock-on effect resulting from changes to some of the elements. The removal of the Deal Ground and Utilities Site bridges, for example, might immediately reduce infrastructure costs by £7.3M, but would halve the development potential of East Norwich and be likely to sterilise these two sites in perpetuity. The removal of the Utilities Site marina could cover the

difference between a fixed and an opening bridge across the River Wensum, but the opportunity to create an attractive residential and leisure area linked to the water, plus new moorings, would be lost. It is useful to go back to the Masterplan and be mindful of the vision here.

- 2.18. Finally, the Delivery Plan considers the impact of further funding, which realistically is only likely to come forward as a public sector grant. Homes England are members of the Partnership and have committed their support to the project.

#### **Sequencing and timings**

- 2.19. A key issue for the Broads Authority would be around the sequencing and timing of works relating to the bridges. If the Authority were to agree to fixed bridges it would be essential to ensure the mitigation measures were in place prior to their construction.
- 2.20. The Delivery Report was issued in May 2022, since when costs have increased and economic uncertainty will have changed some of the report's assumptions, including those around residential and commercial values. Timings too will have changed and whilst the report had already put starts back by 16 months, to June 2024, it is likely that there will be further delay.

### **3. Issues for consideration**

- 3.1. Norwich City Council are hoping to take the Masterplan forward, both through the SPD process and the planning applications which will come forward in due course. In the meantime, however, the Partnership is looking at how viability can be improved so that the vision of the Masterplan can be realised as a whole, rather than just those elements which are commercially achievable. This is likely to mean all parties will need to consider relaxing some of their usual requirements.
- 3.2. The views of the Navigation Committee are sought, including particularly:
- a) The locations of the proposed four new bridges;
  - b) The purpose of the proposed four new bridges;
  - c) The construction of the proposed four new bridges, particularly whether they could be fixed if this were to significantly improve viability of the scheme;
  - d) The proposed marina on the Utilities Site; and
  - e) The proposed small marina/basin on the Deal Ground.

### **4. Conclusion**

- 4.1. The East Norwich regeneration area is a major redevelopment scheme with an impact of regional importance given the scale of development proposed and the range and potential quality of land uses, both commercial and leisure. The Masterplan sets out a vision for the creation of a new community with the river at its heart. The proposals are exciting, however due to the history of the sites and their locations, the development is



not independently viable which means that some elements may need to be scaled back, costs reduced and further funding found. This will require all parties to look constructively at the scheme and their role in bringing it forward.

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[Broads Plan](#) strategic actions: C2, D1, E1, F4

Appendix 1 – [East Norwich plan](#)