

FAKENHAM URBAN EXTENSION – A148 ROUNDABOUT

Summary:

This report requests a capital funding contribution to support with the early delivery of key infrastructure in respect of the Fakenham Urban Extension proposals being developed by Trinity College in Fakenham under outline planning application PO/17/0680. The current proposals for the site include the delivery of up to 1,380 new homes delivered in 2 phases, the first of which would see the construction of 950 homes. It also includes provision of a school site and commercial hub.

The contribution being sought is £0.9m, to be used as match funding against 2 successful external funding bids from the Norfolk Business Rates Pool (£0.5m) and the Norfolk Strategic Fund (£0.4m) to give a total scheme contribution of £1.8m.

This project proposes to fund the construction of a roundabout on the A148 and associated infrastructure (yet to be agreed), which will act as a catalyst for the commencement of the Urban Expansion of Fakenham. This key element of the site infrastructure will begin to address the lack of viability and de-risk the site for house builders.

This contribution towards the scheme will increase the allocation of affordable housing from the currently agreed level of 16.5% to approximately 17.5% although at the present time this is still subject to final agreement.

Please note that this proposal is for a total scheme contribution of £1.8m to deliver initial elements of the site infrastructure (including the roundabout on the A148) and not to deliver the full scheme which is estimated to require investment of c£282m, of which total site infrastructure costs are in the region of £25m.

Options considered:

The Council could take the decision not to invest the £0.9m match funding but it would then not be possible to draw down the external funding of £0.9m which has been secured.

Conclusions:

This combined funding of £1.8m will help to significantly re-risk the site for house builders giving them confidence to develop the site to support the delivery of up to 1,380 new homes on the site delivered in 2 phases the first of which would see the construction of 950 homes. This key element of the site infrastructure will begin to address the lack of viability also unlocks the delivery of the school site and commercial hub providing confidence to home buyers that a new community is being built as well as the homes, this is equally

important to house builders as there is no recent track record of estate development of new homes in Fakenham. Strong oversight of the development by the Council will ensure the timely development of the site.

Recommendations: **Cabinet are asked to approve;**

1. **Agree a capital budget of £1.8m to support the enabling infrastructure works and to release of £0.9m match funding from the Delivery Plan Reserve as the Council’s match funding element, with the balance of the funding to be provided externally through the Norfolk Business Rates Pool (£0.5m) and the Norfolk Strategic Fund (£0.4m).**

Reasons for Recommendations: To support the viability and early delivery of housing through the Fakenham Urban Extension.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

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Cabinet Member(s) Cllr Richard Kershaw and Cllr John Toye	Ward(s) affected Lancaster North and Lancaster South
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1. Introduction

- 1.1 Members will be aware of the proposed urban extension being developed by Trinity College in Fakenham under outline planning application PO/17/0680. The current proposals for the site include the delivery of up to 1,380 new homes delivered in 2 phases, the first of which would see the construction of 950 homes.
- 1.2 It also includes provision of a school site and commercial hub providing confidence to home buyers that a new community is being built as well as the homes, this is equally important to house builders as there is no recent track record of estate development of new homes in Fakenham.
- 1.3 This scheme was subject to an unsuccessful Housing Infrastructure Bid (HIF) previously for c£10m to help support with delivery of the site infrastructure and to help with viability issues.
- 1.4 This report provides an update for Members in relation to the current position in respect of approved grant funding bids for the initial infrastructure costs and

requests a match funding contribution from the Council to support the early delivery of housing and to help support the viability of this scheme.

- 1.5 Cabinet are aware of the strategic significance of this large scale development and it is hoped that strong oversight of the development by the Council will ensure the timely development of the site although the ongoing market uncertainties caused as a result of the COVID pandemic.
- 1.6 This project proposes to fund the construction of a roundabout on the A148 and associated infrastructure (yet to be agreed), which will act as a catalyst for the commencement of the Urban Expansion of Fakenham. Please see appendix A for site plans.
- 1.7 This key element of the site infrastructure will begin to address the lack of viability and de-risk the site for house builders giving them confidence to develop the site to support the delivery of up to 1,380 new homes on the site delivered in 2 phases the first of which would see the construction of 950 homes.
- 1.8 The provision of this key infrastructure also unlocks the delivery of the school site and commercial hub providing confidence to home buyers that a new community is being built as well as the homes, this is equally important to house builders as there is no recent track record of estate development of new homes in Fakenham. Strong oversight of the development by the Council will ensure the timely development of the site.
- 1.9 Please note that this proposal is for a total scheme contribution of £1.8m to deliver initial elements of the site infrastructure (including the roundabout on the A148) and not to deliver the full scheme which is estimated to require investment of c£282m, of which total site infrastructure costs are in the region of £25m.

2. Funding submissions

Norfolk Business Rates Pool

- 2.1 Members will be aware of the business rates pooling arrangements that were previously in place across the County, in which all seven districts and the county council participated. This provided protection against significant fluctuations in business rate income across the county and also mitigation against significant appeals and also enabled us to keep a larger share of the income, rather than passporting so much back to central government.
- 2.2 Some of this additional income is held in the form of the Norfolk Business Rates Pool which is open each year for funding submissions to support local projects. The Council has previously been successful in attracting funding from this source in relation to the Cromer West Prom Revitalisation project following the 2013 storm surge and also towards some of the Egmere project costs.
- 2.3 A funding bid application for this scheme was submitted back in September 2019 but for a number of reasons (including the delay to funding allocations due to the pending NHS business rates case (which has now been withdrawn) and COVID) we only received confirmation of the grant award in an offer letter dated 19 June 2020.

- 2.4 The application focussed around supporting the infrastructure costs for the construction of a roundabout on the A148, which would act as a catalyst for the commencement of the urban expansion of Fakenham. The bid was for £0.5m with an assumed match funding contribution to come from the Council.

Norfolk Strategic Fund

- 2.5 The Norfolk Strategic Fund has recently been established by Norfolk Leaders and has been devised '*to be a responsive, agile and dynamic fund with the ultimate purposes of moving forward strategic projects, and supporting where the evidence suggests with the economic recovery of Norfolk post the COVID-19 pandemic*'.
- 2.6 A further funding application was submitted to this fund, in July 2020. This second bid focussed around further support for the site infrastructure, currently forecast to cost in the region of £24.7m (which includes the roundabout mentioned above). This second bid allocation has also now been approved at £0.4m, again to be match funded by the Council.

Overall position

- 2.7 In summary, the £0.5m has been agreed from the Norfolk Business Rates Pool, to be match funded by NNDC (£0.5m), which gives an initial capital pot of £1m. The second bid submission for a further £0.4m has also now been approved from the Norfolk Strategic Fund and requires further match funding from NNDC of £0.4m and would bring the total capital pot, subject to NNDC match funding approval, to £1.8m.
- 2.8 Appendix A contains the business case for the scheme which will be managed through the Corporate Delivery Unit (CDU) in line with the Council's new project management governance framework.

3. Governance arrangements

- 3.1 The project documentation has been through the Corporate Delivery Unit (CDU) and the project has been assessed as 'large'. A delivery board of key officers and partner organisations will therefore be established to have oversight of the project delivery in terms of the initial infrastructure works to include;

- North Norfolk District Council
- Norfolk County Council Highways
- Trinity College Cambridge
- Savills (Trinity College Cambridge property advice)
- Ashby House (Trinity College Cambridge project management)

- 3.2 The full list of stakeholders and the communication interfaces can be found within section 7 of the business case (Appendix A).

4. Corporate Plan Objectives

4.1 The wider scheme supports a number of areas of the Corporate Plan as follows;

- Local Homes for Local Need – the scheme has the ability to deliver significant levels of affordable housing, subject to ongoing viability discussions. Savills, acting on behalf of Trinity College, are at the present time discussing affordable housing contribution levels with planning colleagues and this funding contribution will enable a higher level of affordable housing to be delivered.
- Boosting Business Sustainability and Growth – the ‘commercial hub’ element of the scheme is proposing industrial units along with a hotel so there is the potential for job creation and new business.
- Financial Sustainability and Growth – whilst it is not anticipated at the current stage that there would be a direct financial benefit to the Council from any contribution at this time (although this is subject to further discussion) there would be an indirect benefit in terms of any business rates generated from the commercial hub and also through the council tax growth from the new homes delivered. There may also be a further incentive from any scheme replacing the New Homes Bonus but no details are currently available as to what scheme will replace this and at the present time this is subject to ongoing consultation.

4.2 The scheme has the ability to deliver significant levels of affordable housing, subject to ongoing viability discussions. Savills, acting on behalf of Trinity College, are at the present time proposing an affordable housing contribution level of 16.5% based on the initial phases of the development which are seeking to deliver c400 homes, so an affordable housing contribution at this level would represent 66 homes, with a contribution of c157 homes across the entire first phase of 950 homes.

4.3 Based on the potential capital contribution of £1.8m however, this affordable contribution rate could increase to around 17.5%/18.5% although this is still subject to finalisation and agreement.

5. Medium Term Financial Strategy (MTFS)

5.1 Please see above in terms of Financial Sustainability and Growth, both of which are fundamental to underpinning the Councils MTFS in terms of both council tax and business rates growth.

6. Financial and Resource Implications

6.1 Whilst officers have been successful in attracting external funding from both the Norfolk Business Rates Pool (£0.5m) and the Norfolk Strategic Fund (£0.4m), there is a requirement for the Council to match both of these pots 50/50. Cabinet are therefore asked to approve an allocation of £0.9m, to be financed from the Delivery Plan Reserve, which currently stands at c£3.1m. This would bring the total scheme budget to £1.8m, 50% of which (£0.9m) would be funded externally.

7. Legal Implications

- 7.1 At the present time there are no legal implications but conversations will need to be held with legal colleagues at the point when formal agreements are required and this will need to take account of any relevant issues such as state aid implications etc.

8. Risks

- 8.1 The business case contained within Appendix A sets out the current risks for the project and these will be managed as part of the project governance framework.

9. Sustainability

- 9.1 There are no sustainability issues as a direct result of this report, the sustainability issues in relation to the wider housing development will be considered under the Council's planning process as the scheme is delivered.

10. Climate / Carbon impact

- 10.1 Due to the viability issues around the development proposals the renewable provisions for the overall scheme have been reduced from 20% down to 10%. The climate issues in relation to the wider housing development are being considered under the Council's planning process.

11. Equality and Diversity

- 11.1 There are no equality and diversity issues as a direct result of this report.

12. Section 17 Crime and Disorder considerations

- 12.1 There are no section 17 issues as a direct result of this report, again any relevant issues will be taken into consideration as part of the planning process.

13. Conclusion and Recommendations

- 13.1 In conclusion, this combined funding of £1.8m (£0.5m Norfolk Business Rates Pool, £0.4m Norfolk Strategic Fund £0.9m NNDC) will help to significantly de-risk the site for house builders giving them confidence to develop the site to support the delivery of up to 1,380 new homes on the site delivered in 2 phases the first of which would see the construction of 950 homes.

- 13.2 This key element of the site infrastructure will begin to address the lack of viability also unlocks the delivery of the school site and commercial hub providing confidence to home buyers that a new community is being built as well as the homes, this is equally important to house builders as there is no recent track record of estate development of new homes in Fakenham. Strong oversight of the development by the Council will ensure the timely development of the site.

- 13.3 It is therefore recommended that Cabinet approve;

1. Agree a capital budget of £1.8m to support the enabling infrastructure works and to release of £0.9m match funding from the Delivery Plan Reserve as the Council's match funding element, with the balance of

the funding to be provided externally through the Norfolk Business Rates Pool (£0.5m) and the Norfolk Strategic Fund (£0.4m).