



# FAKENHAM URBAN EXTENSION A148 ROUNDABOUT

## Business Case

### Abstract

Proposal to fund a roundabout on the A148 to act as a catalyst for commencement of the Urban Expansion of Fakenham



Duncan Ellis  
Duncan.ellis@north-norfolk.gov.uk

# Fakenham Urban Extension: infrastructure Business Case

## 1. Background

The viability of the Fakenham Urban Extension site is frustrating the District Council's ambitions for Fakenham to grow at pace and scale, reflecting the pressing need for new homes. There is high demand for homes in Fakenham as a result of demand from agricultural, tourism, social care and public sector workers who cannot afford to rent or buy homes in the NCAONB as Fakenham does not have the price premium of these areas and the bid therefore has no displacement.

Presently the urban expansion scheme is not viable for house builders of any size. The delivery of the key and supporting infrastructure will allow the site to be sold as smaller parcels of land of varying numbers of homes which are serviced to the boundary. This is fundamental in the North Norfolk context to allowing a diversified house builder market to access the site, including both small/medium sized enterprises (SME) and new entrants and to bring forward development at pace. Only two volume house builders with regional bases operate in North Norfolk, and SME and mid volume builders have delivered most existing allocations, but are reluctant to deliver more than 250 homes on a site. This includes Norfolk Homes a long established SME based in North Norfolk operating exclusively in Norfolk. Opportunities for custom build early in the development period are also being explored, this will also support the use of small house builders and new entrants.

## 2. Why the Project is needed

This project proposes to fund the construction of a roundabout on the A148 (plan1) and associated infrastructure, which will act as a catalyst for the commencement of the Urban Expansion of Fakenham, as outlined in approved outline planning application (PO/17/0680).

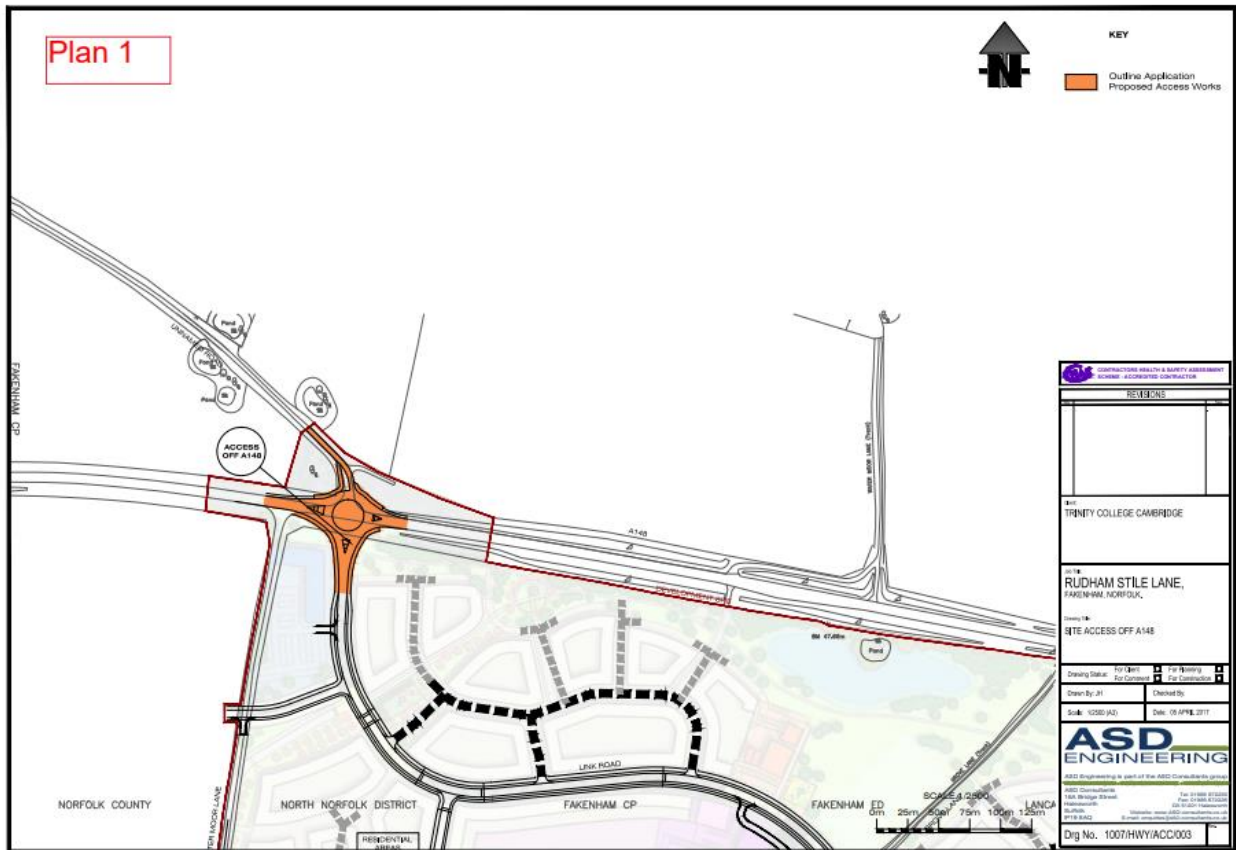
This key element of the site infrastructure will begin to address the lack of viability and de-risk the site for house builders giving them confidence to develop the site to support the delivery of up to 1,380 new homes on the site delivered in 2 phases the first of which would see the construction of 950 homes.

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.

PO/17/0680 Outline planning application covers residential development of up to 950 dwellings, employment development, a primary school and children's nursery, a hotel, local retail and associated public open space and infrastructure; Land north of Rudham Stile Lane & east of Water Moor Lane, Fakenham, Norfolk, NR21 9QU

This key infrastructure would also allow the early release of 450 homes in the strategic reserve site (see plan 2). Through the new Local Plan, the Council will be able to allocate additional housing land reflecting the continuing market demand for sites in Fakenham and the district.

Plan 1: the proposed roundabout for this project (too be revised)



Plan 2: the roundabout as part of the wider scheme (to be revised)



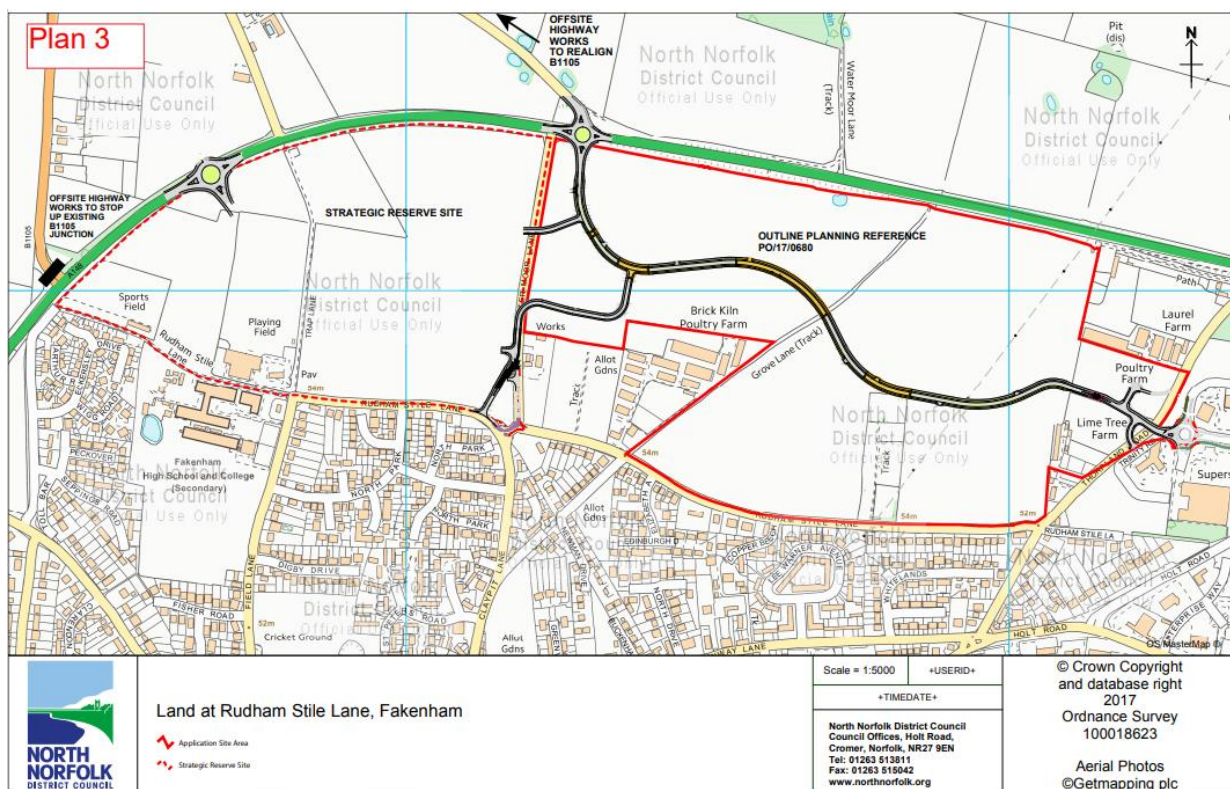


### 3. Benefits

The construction of this infrastructure supports the wider scheme to increase the viability of the urban expansion of Fakenham. The project begins to address the significant viability issues of the wider site by funding some of the key elements of the infrastructure which must be provided up front or in the earliest stages of the development to release all 1,380 homes to meet the need for housing growth in Fakenham reflecting local housing demand. The self-contained nature of Fakenham’s housing market means this need cannot be met elsewhere and there is no alternative site in Fakenham which can deliver this scale of growth. Through the District Council’s planning policies, the 1,380 new homes will be provided high quality homes which address existing deficits in housing provision and which meet the need for accessible and adaptable homes.

The infrastructure development is to be delivered in partnership with the land owner Trinity College (Cambridge), Norfolk County Council (NCC) highways, and the Local Enterprise Partnership (LEP). The second phase would include the construction of a second roundabout and offsite highway works (See Plan 3), the provision of a spine road and green infrastructure (including drainage) serving the main site and footpath and cycle links to Fakenham town centre in order to support the delivery of up to 1,380 new homes on the site.

*Plan 3: Highways works*



The need for housing in North Norfolk is clearly identified in the Strategic Housing Market Assessment (2017). North Norfolk District Councils housing list currently (31/07/2020) has 2,905 people waiting for suitable housing, 55 households in temporary accommodation, and 14 rough sleepers (3 on the streets and 11 accommodated).

This wider scheme, for which this project is a key catalyst, 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, with a baseline across all phases of 16.5% which would rise to 17.5%/18.5% (subject to final agreement) as a result of the enlarged roundabout and associated infrastructure being delivered by public funding. The 950 dwelling scheme would expect to provide at least 167 affordable dwellings which could rise further subject to future viability reappraisals which have been negotiated within the S106 Obligation.

- 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 available at the current time as to what scheme will replace this.

#### 4. Funding

The Council submitted a funding application to the Norfolk Business Rates Pool in September 2019 and received confirmation of the grant allocation in June 2020. The application focussed around supporting the infrastructure costs for the construction of a roundabout on the A148. The bid was for £0.5m with an assumed match funding contribution to come from the Council’s own resources and this contribution has been confirmed.

A further bid was submitted to the Norfolk Strategic fund in 31 July 2020, which 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 was for an additional £1m, however, this bid was only successful in attracting a further £0.4m, again with an assumed match funding contribution to come from the Council’s own resources which is to be approved by Cabinet in April 2021 and to be funded from the Delivery plan Reserve.

Norfolk Strategic Fund	£ 400,000
Norfolk Business Rates Pool	£ 500,000
NNDC match funding (50/50)	<u>£ 900,000</u>
Total	£1,800,000

If match funding is approved, the Council will have earmarked a total contribution of £1.8m to support the delivery of the roundabout and associated infrastructure.

The total site infrastructure costs are currently forecast to cost in the region of £24.7m (which includes the roundabout mentioned above). **The Council’s funding contribution is designed to support the initial construction of the roundabout on the A148 and supporting infrastructure.**

Whilst the Council is a partner in the delivery of this much wider scheme, the infrastructure<sup>1</sup> enabling element, on which this project is focused, totals £24.7m but the Council’s contribution will be limited to the £1.8m **To put this cost into perspective the total scheme/site development costs are estimated at around £282 million.**

---

<sup>1</sup> Physical infrastructure includes road/highway, public realm works, other physical infrastructures, provision of drainage pond and Sustainable Urban Drainage within green infrastructure (public realm works).

## 5. Benefits & Financial return

As the Council will not own any of the completed development there is no direct income attributable to the Council as a result of this investment but it is very much seen as helping to improve viability and to act as enabling investment to help delivery of the final development.

There will however be indirect financial benefits to the Council as follows;

- The full scheme is seeking to deliver 1,380 homes. Assuming the average home is a Band D, and based on the Council's current council tax share per household of £153.72, this equates to council tax income of c£212k pa. However, this takes no account of any potential council tax increases, which over 10 years at £4.95 would increase the income to £280k. It should however be noted that this income figure is based on the full and final delivery of the entire project which is scheduled to take approximately 20 years.
- There will also be benefits to the Council in terms of business rate income from the commercial aspects of the development which include a 'commercial hub' and industrial units along with a hotel although, given the current uncertainties around the reform of the business rates system it is not clear how much income the Council would derive from these.
- There is also an opportunity for income to be derived from whatever system replaces the current New Homes Bonus which, as at March 2021, is the subject of ongoing consultation. Based on the current NHB system, this would generate the Council income in the region of £2.5m over the entire life of the scheme. This is based on assumed growth above the baseline of 1,380 properties at the average Band D national value for 2020/21 of £1,818 but it should be noted that the full and final delivery of the entire project which is scheduled to take approximately 20 years and there is no guarantee that any NHB replacement will still be in force at that point in time so these figures should just be used to give an indication based on current funding arrangements and is therefore far from guaranteed.

The project supports the priorities and objectives within various key local and regional policy documents through the delivery of a significant £283m (estimated) capital housebuilding construction project. These documents include the following;

- the Norfolk COVID-19 Recovery plan,
- the New Anglia Local Enterprise Partnership Economic Recovery Plan.
- District recovery plans
- the Norfolk Growth Prospectus,
- the LEP Economic Strategy for Norfolk and Suffolk

This development project will bring significant work and employment to a range of businesses within the district. The site is looking to deliver in excess of 1,300 homes, a number of which will be affordable units. The scheme also provides for a hotel which will help to support the recovery of the leisure and hospitality sector and provide new jobs and also a dedicated employment site which can further support recovery.

The Economic Strategy for Norfolk and Suffolk sets out the ambitions: "We want Norfolk and Suffolk to be:

- The place where high growth businesses with aspirations choose to be
- A well-connected place
- A high performing productive economy
- An international facing economy with high value exports

- An inclusive economy with a highly skilled workforce
- A centre for the UK's clean energy sector
- A place with a clear, ambitious offer to the world."

This project will contribute to achieving these ambitions, in particular it will contribute to the ambition of **A Well-Connected Place**. The economic strategy notes that "Investment in housing, roads, rail and broadband... [will] build the communities and connections that people and businesses need." The Fakenham Urban Expansion represents a significant investment towards realising the development of 1,380 homes over the next 10 years whilst integrating those homes with the existing settlement through pedestrian, cycle, and vehicular routes.

The Economic Strategy sets out the Sectors as:

- Energy
- Life Sciences and Biotech
- ICT, Tech and digital creative
- Advanced agriculture food and drink
- Visitor economy: tourism and culture
- Financial services and insurance
- Transport, freight and logistics
- Construction and development
- Advanced manufacturing and engineering

This project will contribute to all of these sectors, but in particular the construction and development sector. A development of this size will boost the construction industry in the region requiring the employment of services across the construction sector. Due to the phasing and scale of the project it is likely to positively contribute to employment for at least the next 10 years.

The project further supports the goals of the strategy contributing to the Visitor economy: tourism and culture, in the region as the outline planning proposal includes a designate site for a hotel.

As this project includes the provision of Employment land, there is the potential for the site to support:

- Advanced manufacturing and engineering
- Advanced agriculture food and drink
- ICT, Tech and digital creative
- Others

We anticipate the project will target these sectors in the second phase through LEPs.

The ultimate goal of providing over 1,300 quality homes will also positively contribute to these sectors encouraging skilled workers into the region and providing employment opportunities on the employment land, hotel, school, and commercial site.

It is anticipated that the full scheme will take 20 plus years to complete although Phase 1 is anticipated to be completed by 2028.

It is anticipated the roundabout will be completed by the mid-2022.

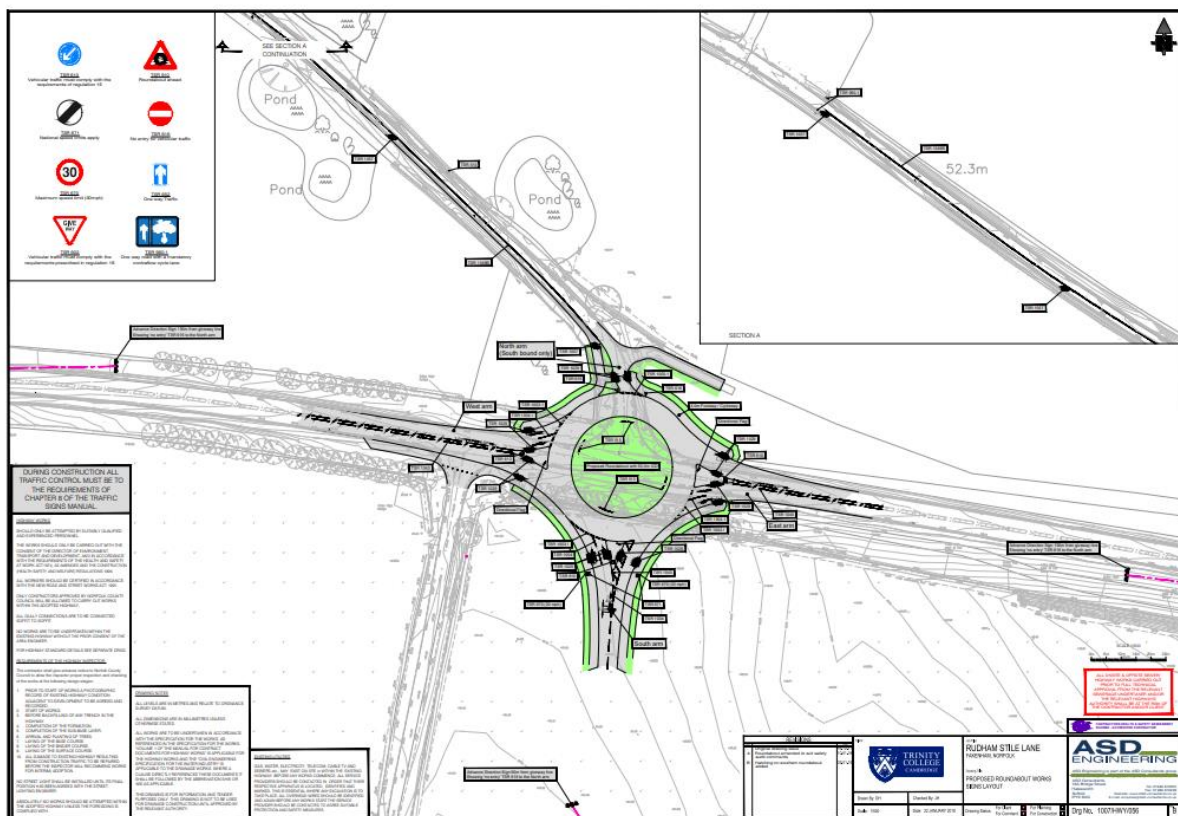
## 6. Project Definition

This project will, with its partners, deliver the installation of a new roundabout linking the development site to the A148 and associated infrastructure.

At this stage a rough estimated cost of installing a roundabout is thought to be in the region of £1m with the remaining funds being used to further required infrastructure which is to be agreed. The initial roundabout element will include further design models to ensure compliance to highways standards, planning costs, all associated planning and installation costs such as traffic control measures and if necessary land purchases/negotiations. The project will include building connections to the current road infrastructure, (A148 and a link road) lining, signage etc. The budget is anticipated to fund this initial infrastructure and cover appropriate internal capitalised costs.

It is intended that this element be undertaken in the first stages, commencing autumn/winter 2021 with completion by summer 2022.

*Plan 4 The current roundabout proposal plan*



This project does not include any works other than infrastructure works as the budget permits specifically to compliment or support the wider development of the site.

The funding does come with time constraints and at this stage we are behind the initial proposed schedule although this is not thought to be a significant risk at this time.

### **Constraints**

At this stage the current constraints for the building of the roundabout relate to planning permission approval for the major project. The outline planning permission will include specific conditions relating to on and off-site highway improvements including in relation to 'a detailed scheme for the site access and roundabout from the A148 and associated works to Wells Road'. Approval of these highway drawings will be required prior to the commencement of any development and specific works are required to be provided by certain timeframes, in the case



of the roundabout this is required prior to the first occupation of any dwelling on site or prior to the first use of the proposed hotel development site.

NNDC will seek to engage NCC Highways to ensure that, following approval of the Outline planning permission, any further detailed plans for the roundabout are submitted to planning. It has been suggested that Highways would seek to install a 50m roundabout rather than the 40m roundabout proposed by Trinity College, but it is anticipated this is element can to be covered by the overall planning conditions and approved plans.

## 7. Communications & Interfaces

Who	Involvement	Contact Name	Attend Meetings	Receive Minutes	Targetted corresp	Update reports	General comms
<b>External</b>							
Trinity College Cambridge	Landowners and proposers	?			✓		
NCC Highways	Construction of highways elements	Matt Tracey	✓	✓			
Savills	Agents for Trinity?	David Merrick	✓	✓			
Ashby House	Infrastructure Project Manager for the Trinity College Scheme	Chris Hatfield	✓	✓			
Local Enterprise Partnership						✓	
Fakenham Town Council						✓	✓
Residents?	General interest/concerns						✓
<b>Internal</b>							
<b>Service Areas</b>							
SRO	Overseeing the project	Duncan Ellis	✓				
Housing (Housing Strategy)		Nicky Debbage			✓		
Planning (Major Developments)	Overseeing the entire development	Geoff Lyon	✓				
Property Services	?	?					
Finance	Funding	Lucy Hume	✓				
Legal	Contracts and Agreements	Cara Jordan			✓		
Comms	External Communications	Joe Ferrari				✓	✓
CDU	Project Management	Maxine Collis	✓	✓			
Corporate PAs (Project Support)	Project support	TBA	✓				
<b>NNDC Governance and Groups</b>							
Project Board	Governance	made up as above				✓	
Working Group	Governance		✓	✓		✓	
O&S Working Group	Governance		✓	✓		✓	
Cabinet	Approving changes to scope		✓	✓		✓	
CLT	Overview					✓	
MT						✓	
OMT							✓

*Will be completed/revised as the project develops – see PID*

## 8. Resource Requirements

NNDC will be required to match fund the grants offered by the Norfolk BRP and Norfolk Strategic Fund. The amount required in order to do this is £900,000 to be drawn from the Delivery Plan reserve.

In addition, the Council will account for capitalised costs around officer time and ad hoc administrative costs to bring this project to fruition as part of the monies contributed.

## 9. Timescales

It is anticipated that the delivery of the roundabout will commence in 2021 and be completed in 2022. Further more details timeframes will be supplied in due course as part of the PID.

In our 2020 5YHLS statement we said we expect 50 dwellings per year in 2023-2024 and 2024-2025 from this site and then build up from there

## 10. Risks

<b><i>Risks to this project</i></b>	
<b>Timescales</b> – Failure to appoint an infrastructure delivery agent.	Mitigation: If required, the Council/County Council could directly procure the delivery of the key infrastructure and discussions with the Highway Authority have confirmed they have the required capacity, capability and experience to undertake these works. It is not expected that this risk will have any cost implication.
<b>Timescales</b> - Start on site of primary roundabout is delayed and is unable to be completed before agreed grant timeframes.	Mitigation: The primary roundabout and the extensive offsite highway works have already been designed and costed. A number of similar roundabouts have recently been constructed on main roads in North Norfolk which has confirmed the timescale for the works is realistic and appropriate.
<b>Funding failures</b> – Already behind previous time schedules due to planning taking longer than anticipated.	
<b><i>Risks to the wider scheme – For information only</i></b>	
<b>Strategic reserve - Inability to agree with third party land owners how the strategic reserve will come forward.</b>	Mitigation: Trinity College own the majority of the whole site which includes the strategic reserve site and the land which is required for the second roundabout which will serve the strategic reserve site. All the land has been allocated showing there is willingness of the other owners to release the land for development. The Council will adopt a place making approach to release the strategic reserve for development. There is no cost implication with this risk.
<b>Inability to agree sale of land required for offsite highway works.</b>	Mitigation: The majority of land required is in Highway Authority ownership, discussions are already underway with third party owners to discuss works and negotiate the purchase of any further land required. The land in third party ownership primarily relates to offsite highway works required to address the impact of the strategic reserve on the B11050 and so this agreement is not time sensitive as the primary roundabout can be built even if the third party owner has not yet agreed to sell. These offsite works can be completed after the roundabout. If required, the third party land will be considered for CPO. There may be a cost implication with this risk if CPO is required, although the cost of acquiring the third party land has been included in infrastructure costs.
<b>Project cost overruns</b>	Mitigation: The project costs, including infrastructure costs and works to be supported by the Council have been fully costed by AECOM and then reviewed by the Council's financial viability assessor (Gleeds – RICS Qualified Quantity Surveyors. These costs are therefore based on robust data and benchmarking of similar schemes, and include

	contingency. These costs will be reviewed prior to infrastructure works procurement and development.
<b>Failure of developer to agree viability</b>	Mitigation – discussions with the Council' planning and housing teams are ongoing regarding levels of affordable housing provision and viability.
<b>Anglia Water states the current Fakenham pumping station is at capacity so may need to upgrade AW infrastructure.</b>	This may not be a priority for AW so could impact of the wider scheme. This does not impact on the delivery of the roundabout.