

By: Nick Chard, Cabinet Member for Environment Highways & Waste
Paul Crick, Interim Director of Integrated Strategy and Planning

To: Environment, Highways & Waste Policy Overview & Scrutiny Committee – 18 January 2011

Subject: 'Access to East Kent' Regional Growth Fund bid

Classification: Unrestricted

Summary: This report summarises Kent County Council's proposed 'Access to East Kent' bid to the Government's Regional Growth Fund. The bid will request a contribution to the capital cost of a new Thanet Parkway Station adjacent to Manston Airport, along with pump-prime funding for a new daily air service from Manston to a European hub airport. The 'Access to East Kent' bid would support the Airport's ambitious expansion plans and, in combination with planned line speed improvements between Ashford and Ramsgate, would significantly enhance the attractiveness of Thanet as a place to live, work and invest.

1. Background

- 1.1 East Kent has suffered over a number of years from the cumulative effects of a declining ferry port industry in Folkestone and Ramsgate, the closure of the East Kent coalfield, and the loss of the seasonal tourist trade. The area's greatest disadvantage, however, is its peripheral location, which has meant that the jobs lost in these industries have not been adequately replaced by sustainable private sector employment. As a consequence, East Kent has a number of pockets of social deprivation; particularly in Thanet, which is one of England's 20% most deprived districts.
- 1.2 The potential for a Parkway-style station adjacent to Manston Airport was identified in Kent County Council (KCC)'s Transport Delivery Plan for Kent, *Growth without Gridlock*, which was launched on 1st December 2010. The station would greatly improve rail access to the Airport from Canterbury, Ashford, Kent Thameside and London, thereby supporting its ambitious expansion plans, which have the potential to generate significant new employment opportunities in East Kent.
- 1.3 An initial feasibility analysis commissioned in 2009 by KCC's Integrated Strategy and Planning Division, suggested that there was potentially a strong business case for a new station, subject to the delivery of journey time improvements between Thanet and London. In response to the conclusion of this analysis, KCC part-funded a Network Rail GRIP 1 study to identify

potential line speed improvements on the Stour Valley Line between Ashford International and Ramsgate.

- 1.4 The GRIP 1 study found that by increasing line speeds from the current maximum of 70mph to the 85mph allowed for by current signalling, and addressing permanent speed restrictions at three locations, running times between Ashford and Ramsgate could be reduced from 36 minutes to a theoretical minimum of 26 minutes. This could reduce journey times between the proposed location of the Thanet Parkway Station and London St Pancras to approximately 64 minutes. On the basis of the earlier feasibility analysis, such an improvement would be sufficient to increase the Benefit Cost Ratio of the Parkway to well over 2:1. Network Rail is currently seeking funding approval to undertake this further work and it is anticipated that, if successful, the necessary improvements could be carried out at the beginning of Control Period 5 (2014-2019).
- 1.5 The business case for the Parkway has been further strengthened by the launch of two scheduled passenger air services from Manston Airport in May 2010. Daily flights, operated by Flybe, currently operate between Manston and Edinburgh, along with six flights a week to Manchester. Demand for these services has been strong and Flybe has committed to continue operating from Manston throughout 2011.
- 1.6 If Manston Airport's potential as a major regional airport – and a significant local employer – is to be fully realised, direct routes to a range of European destinations are required. The Airport is currently in negotiation with an established airline which has expressed an interest in operating a daily service to a Northern European hub airport. This would open up a vast number of international journey opportunities for the residents and businesses of East Kent; significantly improving the attractiveness of Thanet as a place to do business. As with any new venture such as this, however, the financial risks involved are high. Therefore pump-prime funding would initially be needed to secure the airline's commitment to operate the service for a trial period. The Coalition Government's Regional Growth Fund provides KCC and the Airport with a unique opportunity to access the necessary funding. Together with the proposed Parkway Station and journey time improvements, the air service could have a potentially transformational impact on the East Kent economy.

2. The Regional Growth Fund

- 2.1 In October 2010, the Government announced the first round of competitive bidding for the Regional Growth Fund (RGF). The Comprehensive Spending Review confirmed the size of the fund, which is open to both the private sector and public/private partnerships, as £1.4bn over three years. The RGF has two main objectives:-
 - To encourage private sector enterprise by providing support for projects with significant potential for economic growth and which will create additional sustainable private sector employment; and

- To support in particular those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity.
- 2.2 The proposed 'Access to East Kent' bid represents a strong candidate for funding under these criteria, given the high levels of worklessness and public sector dependence recorded in Thanet and the bid's potential to facilitate Manston Airport's expansion plans, which could support up to 6,000 new jobs by 2033.
 - 2.3 RGF bids will be appraised by the relevant Government Department (in this case, the Department for Transport) before being presented to an Independent Advisory Panel chaired by Lord Heseltine. The Panel will then make a recommendation to Ministers with regard to which projects best address the objectives of the RGF.
 - 2.4 The closing date for first round RGF bids is Friday 21st January 2011, which has provided bidders with a very limited time period in which to develop their submissions. Whilst this has proven a challenge, it is also considered an opportunity, as it is likely to limit both the number and quality of first-round bids.

3. The Access to East Kent Bid

- 3.1 As described above, the Access to East Kent RGF bid, prepared by KCC's Transport Policy Team with support from Thanet District Council, Network Rail and Southeastern, will request a contribution to the capital cost of a new Thanet Parkway Station on the Ashford to Ramsgate line, along with pump-prime funding for the proposed daily air service between Manston Airport and a major European hub. Steer Davies Gleave has been appointed to prepare the detailed business case underlying the bid, building on the earlier feasibility analysis, including all necessary demand modelling and appraisal work. At the time of writing, the total funding contribution requested is likely to be in the order of £10 million.
- 3.2 The preferred location of the Parkway Station is to the south of Manston Airport and to the west of the village of Cliffsend. Access would be provided from the new East Kent Access road, which borders the site to the west, north and east, thereby minimising its potential impacts on local residents. It is proposed that, once operational, a dedicated shuttle bus would link the station with Manston Airport, with a journey time of approximately 8 minutes.
- 3.3 The Access to East Kent bid will be co-sponsored by Infratil Airports Europe Ltd, the owners of Manston Airport, and Pfizer Ltd, who will play a critical role in securing the area's future economic prosperity. Manston Airport has confirmed that a successful bid would directly lead to the appointment of additional staff including new fire and rescue crew at the Airport, which would strengthen its capacity to handle larger volumes of flights, and has agreed in principle to provide a capital contribution of approximately £500,000 to the proposed Thanet Parkway Station. This represents a strong vote of confidence in the bid from the private sector and is warmly welcomed. At the

time of writing, discussions are ongoing regarding a potential financial contribution from Pfizer Ltd.

4. Conclusion and Next Steps

- 4.1 KCC's Transport Policy Team, together with Infratil and Pfizer Ltd, intends to submit the Access to East Kent Regional Growth Fund bid to Government on 21st January 2011. A successful bid will unlock significant private sector investment in Thanet and will enable the district to fully share in the benefits experienced by Ashford, Canterbury, Dover and Shepway as a result of improved rail journey times to London. RGF funding will also begin to unlock the massive potential posed by Manston Airport, which has both the capacity and vision to become a major Kent employer over the next 30 years, and to provide a focus for future inward investment.
- 4.2 The Government has indicated that successful RGF bids will be provided with conditional offers of funding within 50 days of the first-round submission date, and that RGF funding must be spent within three years.

7. Recommendations

Members of the POSC are asked to:

1. Comment on and endorse the 'Access to East Kent' Regional Growth Fund bid.

Contact: Paul Lulham – Transport Planner

☎ 01622 221615

✉ paul.lulham@kent.gov.uk

Paul Crick – Interim Director of Integrated Strategy and Planning

☎ 01622 221527

✉ paul.crick@kent.gov.uk