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To: Environment, Highways & Waste Cabinet Committee
20 September 2012

Subject: Kent Thameside Strategic Transport (Homes & Roads) Programme

Classification: Unrestricted

Summary

This report sets out the current conditions under which the Kent Thameside Strategic Transport (Homes & Roads) Programme is being developed and implemented covering in particular, the available funding, management of risk and the proposals for governance arrangements of the programme. It is proposed to seek a further Key Decision from Cabinet on 15th October in light of the considerable changes to the progress of development and the available funding that have taken place since a previous decision was taken on 21st February 2008 (Decision No. 07/01108).

Recommendations

Members of the Cabinet Committee are asked to consider the contents of this report, advise as appropriate and endorse the following recommendations to be considered by Cabinet: -

- a.) Confirm that Kent County Council continues to act as the Accountable Body for the Kent Thameside Strategic Transport (Homes & Roads) Programme.
- b.) Entrust the setting up of the Governance arrangements for the Kent Thameside Strategic Transport (Homes & Roads) Programme to the Cabinet Member for Regeneration & Economic Development in consultation with Dartford and Gravesham Borough Councils.
- c.) Authorise the Corporate Director Business Strategy & Support, in consultation with the Corporate Director Enterprise & Environment, to negotiate and execute legal and/or partnership agreements pursuant to the delivery and management of the Kent Thameside Strategic Transport (Homes & Roads) Programme.

1. Introduction.

- (1) The Kent Thameside Strategic Transport (Homes & Roads) Programme is a package of improvements that respond to the complexities encountered in assessing the individual impacts and mitigation measures for significant development across the boroughs of Dartford and Gravesham. A Key Decision was taken on 21st February 2008 (Decision No. 07/01108) agreeing to the County Council acting as the Accountable Body for the programme.
- (2) The 20-year programme aims to provide key transport infrastructure improvements that would enable the planned level of development in Kent Thameside to be realised. Ultimately the development will result in some 22,600 new homes and around 1 million m² of commercial development with the potential for 60,000 jobs. The programme would be largely funded through a combination of public sector grant and private sector contributions.
- (3) Since the original decision was taken there have been considerable changes to the progress of development and the available funding. This report sets out the current conditions under which the programme is being developed and implemented covering the available and anticipated funding; the scope of the revised programme; the management of the risks involved with such a programme; and proposals for the programme's governance arrangements.
- (4) It is proposed to seek a further Key Decision from Cabinet on 15th October 2012 confirming the County Council as the Accountable Body and initiating governance arrangements for the programme. In accordance with Corporate Governance Arrangements, local members within the boroughs of Dartford and Gravesham will be consulted.

2. Financial Implications.

- (1) As the Accountable Body for the programme the County Council is responsible for the management of the programme and administration of the funding. A dedicated Programme Investment Fund has been set up for the programme within the County Councils corporate financial system. A cash flow model has also been developed to assist the financial management process.
- (2) The current estimated cost for the programme is £116.2m and anticipated funding is estimated at £84.0m leaving a funding gap of £32.2m (current prices). Further details of the sources of funding for the programme are shown in Table 1 below. Management of the financial risk associated with the funding gap is to implement schemes contained within the programme only within the level of available funding.
- (3) In the course of the management of the programme the situation may arise where the County Council is required to use its Prudential borrowing powers to ensure that schemes are completed. The estimated cost to the County Council is £800,000 per annum for every £10m borrowed. Although it is not envisaged that the County Council would exercise these powers to cover the shortfall in funding it may be necessary to use such powers to overcome short-term cash flow issues when implementing individual schemes. In such circumstances the County Council's borrowing costs would be funded through the programme.

Table 1: Anticipated Income and Forecast Expenditure for the Kent Thameside Strategic Transport Programme.

<u>Income</u>		
HCA Funding		£13.0m
S.106/CIL	- Residential	£35.9m
	- Commercial	£5.3m
Eastern Quarry S.106 Contribution		£24.7m
New Homes Bonus		£5.1m
Total Income		£84.0m
Estimated Programme Costs		£116.2m
Current Funding Gap		£32.2m

- (4) Discussions with Dartford and Gravesham Borough Councils have identified potential funding of around £5m from the New Homes Bonus initiative. This is based on an agreed 50% of the income from New Homes Bonus generated solely from the Eastern Quarry, Northfleet West Sub-Station and Springhead Park development sites. An estimated 1170 dwellings are expected from these sites between 2012/13 and 2015/16 based on information received from Land Securities and the Borough Councils. This would result in a cost to the County Council of around £1.0m with the Borough Councils bearing the remaining cost.

3. Bold Steps for Kent & Policy Framework.

- (1) The programme would deliver key improvements to the transport network enabling the planned level of development across the boroughs of Dartford and Gravesham to be realised. This would contribute to Ambition 1 of the Vision for Kent (To Grow the Economy) by delivering the critical infrastructure to create the conditions for economic growth.
- (2) The programme is in line with priorities 8, 9 and 10 of Bold Steps for Kent driving economic prosperity through unlocking key sites in the Thames Gateway Kent region, helping to deliver the Kent & Medway Housing Strategy and ensuring that new housing development is matched with the appropriate infrastructure.
- (3) The programme is identified within the Local Transport for Kent 2011-16 and would deliver a priority for the Thames Gateway Kent area set out in the integrated transport strategy Bold Steps for Transport “*Growth Without Gridlock*”.

4. The Report

(1) Funding

- a.) Funding for the programme largely consists of public sector grants (principally through the Department for Communities & Local Government) and private sector developer contributions. A funding agreement was signed with the

Homes & Communities Agency in March 2010 which secured a £13m grant towards the programme. Following the Government's Comprehensive Spending Review in October 2010 there has been uncertainty regarding further public sector funding commitment to the programme and discussions have been taking place with both DCLG and DfT. The discussions with Government have concluded that further funding for the programme from the HCA in the current CSR period (2011/12 to 2013/14) is not available and is also unlikely in the next CSR period (2014/15 to 2016/17).

- b.) Neither of the Government departments regards themselves in a position to make funding commitments to the programme for future years (i.e. beyond 2016/17) as these would fall beyond the tenure of the current and potentially next Government. As a result of the discussions with Government a joint proposition has been agreed (see Appendix 1 for the full proposition). The key elements of this proposition are: -
- i.) The Department for Transport (DfT) and the Highways Agency (HA) will invest further work to refresh the business case/preliminary designs for the A2 Bean and Ebbsfleet junction improvements.
 - ii.) The DfT and the HA commit to joint working with Kent Partners on the development of appropriate transport interventions on the strategic road network necessary to mitigate the impacts of the planned development in Kent Thameside, and in assessing the case for such proposals, would give due weight to the wider economic benefits afforded by these improvements.
 - iii.) The Department for Communities & Local Government (DCLG), the DfT and the Homes & Communities Agency (HCA) will maintain a close dialogue with Kent Partners to provide advice and highlight opportunities arising from new Government policy and initiatives as these emerge or are clarified.
 - iv.) Dartford Borough Council, Gravesham Borough Council and KCC will each contribute a proportion of their New Homes Bonus income, from the specific sites identified in 2(4), towards the programme.
 - v.) KCC will act as the accountable body, accepting and managing the risks in the programme but only for solutions that total the amount forecast to be collected from S.106/CIL, i.e. £65.9m.
- c.) Whilst this proposal does not provide any funding commitment to the programme there is a key commitment on the part of the DfT/HA to invest in further work to refresh the business case/preliminary designs for the A2 Bean and A2 Ebbsfleet junction improvements. These two schemes alone constitute nearly 70% of the total cost of the programme and are currently scheduled to be implemented between 2021/22 and 2026/27. At present it is assumed that the A2 Ebbsfleet improvements would come first but one aspect of the business case/design work to be carried out for these junctions will be determining the timing of the improvements. Between the present and 2021/22 it is currently anticipated that across Kent Thameside some 13,800 additional dwellings and 590,000m² of commercial floorspace could be built. In terms of development

sites that have a more direct impact on the A2 Bean and A2 Ebbsfleet junctions, some 4,100 additional dwellings could have an impact on the A2 Ebbsfleet junction by 2021/22 whilst some 1,600 additional dwellings could have an impact on the A2 Bean junction.

- d.) Since Autumn 2009, negotiations have taken place with Land Securities regarding a Deed of Variation to the existing S.106 Agreement for Eastern Quarry. The original agreement provided a £40m contribution to the programme paid over a 7-year period from the commencement of development regardless of the pace of development. In the current economic situation this condition has become onerous and an obstacle to Land Securities attempts to secure a development partner. The Deed of Variation, completed on 17th August, sees a reduction in the contribution to £24.7m, proportionate to the reduced scale of the programme, paid on a phased basis as a tariff per dwelling. The full £24.7m would be paid by completion of the 4,500th dwelling. The Deed of Variation only relates to the contribution towards the Kent Thameside Strategic Transport Programme. All other obligations contained within the original S.106 Agreement remain unchanged.
- e.) In addition to the contribution from Eastern Quarry a further £41.2m is anticipated from developers through either S.106 Agreements or the Community Infrastructure Levy. To date £1.16m of this funding has been received whilst a further £0.81m has been secured but not yet received. Further contributions of £3.77m are identified in permissions issued, but these may be subject to further negotiation, and some £1.86m is pending agreements. Altogether this amounts to around £7.6m of funding for the programme, around 18% of that anticipated.

(2) Review of Programme

- a.) The receipt of £13m funding from HCA signalled the start of the programme. The funding has been focused on Dartford Town Centre improvements and the Rathmore Road Link scheme in Gravesend. In the case of Dartford this supports major development sites in and adjacent to the town centre that are coming forward. The Rathmore Road Link scheme is a key element of the Gravesend Transport Quarter proposals that has already seen Phase 1 implemented by Gravesham BC.
- b.) The uncertainty over public sector funding for the programme and the continuing poor market conditions causing concern over the ability of development to fund major infrastructure improvements, instigated a review of the programme in the Autumn of last year. This review has looked at reducing the overall cost of the programme and investigating alternative sources of income. In terms of the overall cost of the programme this, in consultation with our Kent Thameside partners, has reduced from an initial estimate of £200.2m to a current budget estimate of £116.2m. This has been achieved through the removal of some schemes from the programme and revising the cost of other schemes based on more recent experience of the costs of major transport infrastructure. Further details on how the review has reduced the cost of the programme are contained in Appendix 2.

- c.) Investigation of alternative sources of funding for the programme looked at the following initiatives: -
- i.) **Growing Places Fund** – this initiative was not considered suitable for the programme as it is principally focused on generating economic activity in the short term and has to be used to establish revolving funds.
 - ii.) **Business Rate Retention** – this has significant potential but at present there are too many uncertainties and issues regarding how this would operate.
 - iii.) **New Homes Bonus** – a limited amount of potential funding has been identified for the programme through discussion with Dartford and Gravesham Borough Councils. There are concerns on how this would impact on revenue budgets and in the discussions with Government no guarantees have been given that this initiative will continue to be funded beyond 2015/16.

(3) Risks

- a.) A risk assessment was conducted on the programme as part of the economic appraisal that was submitted to secure the £13m funding from the HCA. This has been revised and updated using the County Council's Corporate Risk Management process and a copy of this is attached as Appendix 3.
- b.) The most significant risks are those that would result in a shortfall in the level of funding available for the programme. With each risk there are potential options to overcome any shortfall but ultimately if the funding shortfall is not overcome then implementation of the programme would need to be limited to the level of available funding. This would mean further prioritisation being applied to the programme, balancing the development need against acceptable levels of congestion. The key significant risks are: -
 - i.) Developer contributions are less than anticipated. In this instance further development could be identified and over the course of the programme there will be development coming forward that is not currently anticipated. Balanced against this, however, is the additional impact that this development would have on the transport network. There is a requirement for the Core Strategies produced by the Borough Councils to be regularly reviewed. This provides the opportunity to review the transport impacts and adjust development contributions. The Cash Flow Model developed for the programme is reviewed more regularly regardless of the review periods for the Core Strategy.
 - ii.) Competing priorities for CIL mean that less funding is available for the programme. A Partnership Agreement is proposed between KCC/DBC/GBC as part of the Governance arrangements for the programme that should mitigate this risk.
 - iii.) Further public sector funding is not secured. This is the current situation with the £32m shortfall. The DCLG/DfT proposal includes a commitment to work with Kent Partners to identify future Government initiatives that

could provide funding for the programme. It is also anticipated that an agreement would be reached with DfT, as a result of its commitment to refresh the business case/design for the A2 Bean and A2 Ebbsfleet schemes that should see some additional public sector funding being provided for these schemes.

- iv.) Alternative sources of funding are not identified. Neither the DCLG nor the DfT consider themselves in a position to make funding commitments to the programme for future years. The timescale of the programme does mean that economic conditions are likely to change and the prospect of putting a case to Government for further public sector funding is not out of the question. Alternatively additional developer funding could be identified as mentioned in (3)(b)(i) above with the same consequences.
- c.) The higher level risks are those predominantly related to fluctuations in the anticipated income, changes affecting programme costs and circumstances where implementation could be delayed. These risks are generally more manageable, would not necessarily result in a shortfall of the overall funding for the programme and have alternative options that could be employed to mitigate the risk. The key high risks are: -
- i.) Use of CIL to provide funding for the programme is successfully challenged. It is important that the programme is identified within both the Core Strategies and the CIL Charging Schedules produced by the Borough Councils with appropriate supporting evidence. The programme has been developed in close working partnership with both Dartford and Gravesham Borough Councils and there is a continued commitment by all parties to the programme. The proposed Partnership Agreement between KCC/DBC/GBC should also provide further mitigation of this risk.
 - ii.) Continued slow rate of development means that receipt of developer contributions is delayed. An advantage of the programme is that the implementation of individual schemes can be adjusted to match the progress of development. Monitoring of the progress of development and regular review of the Cash Flow Model developed for the programme should enable mitigation of this risk. A commitment to implement individual schemes would only be made if sufficient funding is forecast to come forward. Any short-term cash flow issues encountered with the implementation of individual schemes would be covered by use of KCC's Prudential borrowing powers with the cost of this covered by the programme.
 - iii.) Statutory procedures/land acquisition results in delays and increased costs to individual schemes. Mitigation of this risk would involve robust project management of individual schemes with early identification and regular review of the key risks to implementation. Good communication with key stakeholders and those directly affected by the schemes should also reduce the level of risk. Much of the land required for the schemes is either in the control of local authorities or developers who have a vested interest in the implementation of the schemes. Both KCC and the Highways Agency can, if necessary, issue Compulsory Purchase Orders to acquire the land necessary to implement the scheme.

- iv.) Construction cost increases of individual schemes. Mitigation of this risk would involve robust project management of individual schemes with cost estimates that are regularly reviewed as the scheme is developed and include a risk based contingency. In the case of schemes on the local road network the local authorities are open to developers implementing schemes as an “In-Kind” contribution, equivalent to their financial contribution towards the programme, taking on the risks associated with its construction. For schemes on the local road network, which fall under the responsibility of KCC to implement, any short-term cash flow issues could be covered by use of KCC’s Prudential borrowing powers with the cost of this covered by the programme. It is currently envisaged that the Highways Agency would be responsible for the implementation of the A2 Bean and A2 Ebbsfleet schemes. The agreement reached between KCC and the DfT covering the development and implementation of these two schemes will include appropriate clauses covering the level of shared risk between the parties.

(4) Governance Arrangements

- a.) The programme was conceived in 2007 under the auspices of the Kent Thameside Partnership. Since this partnership was dissolved the programme has continued under an informal arrangement between the key stakeholders, namely Dartford Borough Council, the Department for Transport, the Homes & Communities Agency, Gravesham Borough Council, the Highways Agency and Kent County Council. With funding now available and the programme starting to move into its implementation stage, it is appropriate that more formal Governance arrangements are established.
- b.) The suggested components of the Governance arrangements for the programme are set out in Appendix 4 attached to this report. The key component of these arrangements is the setting up of a Steering Group. It is proposed that the Cabinet Member for Regeneration & Economic Development is entrusted with the task of setting up this Steering Group in consultation with Dartford and Gravesham Borough Councils.

5. Conclusions.

- (1) Conditions have significantly changed since the programme was conceived. Efforts have been made to reduce the overall cost of the programme but with the uncertainty over future public sector funding and tough market conditions for development there is currently a £32m funding gap.
- (2) The justification for the programme and its objectives has largely remained unchanged. The proposed improvements to transport network are still needed to enable the planned level of development to be achieved. Some public sector funding has already been secured along with developer contributions and implementation of the programme has started.
- (3) There are significant risks inherent in the programme and strong management will be required to ensure that these do not materialise. The establishment of

formal Governance arrangements along with a robust monitoring and reporting structure will reinforce the management of the programme.

- (4) The programme will be delivered over a 15-20 year period and there is a long term commitment on the part of all of the key stakeholders to the growth agenda in Kent Thameside as witnessed by the DCLG/DfT proposition. Whilst there is currently a funding gap it is envisaged that opportunities will arise to secure additional funding for the programme. In the meantime, the expedient management of the risk presented by the shortfall in funding is to implement schemes only within the available level of funding.

6. Recommendations

(1) Members of the Cabinet Committee are asked to consider the contents of this report, advise as appropriate and endorse the following recommendations to be considered by Cabinet: -

- a.) Confirm that Kent County Council continues to act as the Accountable Body for the Kent Thameside Strategic Transport (Homes & Roads) Programme.
- b.) Entrust the setting up of the Governance arrangements for the Kent Thameside Strategic Transport (Homes & Roads) Programme to the Cabinet Member for Regeneration & Economic Development in consultation with Dartford and Gravesham Borough Councils.
- c.) Authorise the Corporate Director Business Strategy & Support, in consultation with the Corporate Director Enterprise & Environment, to negotiate and execute legal and/or partnership agreements pursuant to the delivery and management of the Kent Thameside Strategic Transport (Homes & Roads) Programme.

7. Background Documents

Key Decision No. 07/01108

8. Contact Details

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Attachments

- Appendix 1: Letter from Mike Penning, Parliamentary Under-Secretary of State for Transport, DfT and Grant Shapps, Minister for Housing & Local Government, DCLG dated 17th July 2012.

- Appendix 2: Review of Kent Thameside Strategic Transport Programme.
- Appendix 3: Risk Assessment for Kent Thameside Strategic Transport Programme.
- Appendix 4: Proposed Governance Arrangements for Kent Thameside Strategic Transport Programme.

DCLG/DfT Ministerial Letter



*Department for
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17 July 2012

Dear Councillor Carter

KENT THAMESIDE DEVELOPMENT - UNLOCKING EASTERN QUARRY

We are writing to set out our Department's proposals to unlock the proposed development at the Eastern Quarry site in Kent Thameside.

Our officials have been working closely together both to get a clear understanding of the issues and barriers to progress with this development site, and to try and reach agreement on a way forward that unlocks delivery of new housing in the short term and provide a continuing commitment to the longer term delivery of the development proposals.

We understand that the Dartford Borough Council Development Control Committee is to shortly consider agreement to the varied section 106 planning agreement for the Eastern Quarry site with Land Securities, and want to set our proposals for Government support in progressing and managing the provision of the necessary transport infrastructure improvements to support the development proposals.

This Government has recognised the importance of infrastructure in supporting housing provision and that infrastructure support and prioritisation is a key concern for communities, local authorities and the private sector. Investment in infrastructure that unlocks growth is essential to winning the confidence of communities and the private sector for large-scale, long-term projects.

In terms of the specific transport proposals in the Homes and Roads Programme, which underpins the Kent Thameside development plans, two major improvements to the junctions on the A2 at Ebbsfleet and Bean are necessary to mitigate the overall cumulative traffic impacts of the Kent Thameside development.

However, the identified delivery timing of these proposals in 2021-22 to 2023-24 and 2024-25 to 2026-27 respectively, are such that they fall within future spending review periods, and we cannot take such delivery funding decisions within this spending review period.

Both our Departments however recognise the need to unlock the housing development at Eastern Quarry and are, in these circumstances, proposing to invest further in the necessary development work on the two major junction improvements, and continue to provide support, help and guidance to the local authorities on both the further development of the proposals, and the on-going management of the supporting transport investment programme.

In doing so, our Departments clearly recognise the importance of economic and housing growth in Kent Thameside and recognises that approval of the varied section 106 planning agreement for the Eastern Quarry development will unlock around 4,500 new homes and around 95,000 m² of commercial development.

We also understand that you seek assurances from Government on its continuing support for the development in Kent Thameside. We have therefore set out in an attachment to this letter our detailed proposals for both investment now in the development of the major infrastructure projects but also the continuing involvement and support in the management and delivery of the supporting transport infrastructure programme.

I hope these proposals demonstrate our clear commitment to working closely with you and your partners towards the successful delivery of housing and economic growth. In return for these commitments, we look to agreement to the variation to the existing planning agreements for Eastern Quarry that will allow the planned development to take place.

It is important that we can reach agreement on the way forward, and I would be grateful if you could consider the details of this proposition, and let us or our officials know of decisions in this matter.

If it is possible to reach agreement we would look to make a public announcement that would confirm that a way forward has been found, and that delivery of the new housing will take place as planned. We are more than willing to discuss if necessary, any concerns you may still have in order to reach a final resolution to these long-standing issues.

Yours sincerely,

Mike Penning
MP

Grant Shapps

MIKE PENNING

GRANT SHAPPS

Department for Transport and Department for Communities and Local Government Proposal

- **The Department for Communities and Local Government**, and the **Department for Transport** issues a statement that supports and welcomes economic growth and housing delivery in Kent Thameside. The **Departments** also accept that by approving the Deed of Variation for Eastern Quarry that in effect 4,500 homes and around 95,000m² of commercial development are unlocked in Kent Thameside.
- The **Department for Transport** and the **Highways Agency** commit to close joint-working with the Kent Partners to determine and agree the details of the scope and timing of the work necessary to refresh the business cases/preliminary designs of the proposed major project improvements to the junctions on the A2 at Bean and at Ebbsfleet.
- The **Department for Transport** and the **Highways Agency** will invest in further work to refresh the business case/preliminary designs of the A2 Bean and Ebbsfleet junction improvements, as part of the development necessary for future delivery of the proposals.
- The **Department for Transport** and the **Highways Agency** commit to joint-working with the Kent Partners on the development of the appropriate transport interventions on the strategic road network necessary to mitigate the impacts of the planned development in Kent Thameside, and in assessing the case for such proposals, would give due weight to the wider economic benefits afforded by these improvements.
- The **Department for Transport** commit to joint-working with the Kent Partners to provide assistance and guidance where necessary on the development of transport interventions on the local road network, and guidance on the necessary appraisal requirements for such proposals.
- **The Department for Transport** and the **Highways Agency** will discuss and agree with Kent Partners their role and participation in the future governance and management arrangements for the Homes and Roads programme.
- In terms of future Kent Thameside related planning applications, the **Highways Agency** commits to continue to carry out its development planning function in accordance with Government planning policy and guidance current at the time.
- The **Department for Communities and Local Government**, the **Department for Transport** and the **Homes and Communities Agency** will maintain a close dialogue with Kent and Partners to provide advice and input on progressing specific transport schemes and highlighting the opportunities arising from new Government policy and incentives (such as business rates retention) as these emerge or are clarified.
- The **Homes and Communities Agency** will remain a member of the Homes and Roads Steering Group.
- The **Homes and Communities Agency** will explore future funding opportunities to support later phases of the Kent Thameside development.

- The **Homes and Communities Agency** has already invested £13m in the Homes and Roads Programme and is committed to work with all parties to identify what appropriate funding initiatives are available from time to time, and give guidance and act in its enabling role as a broker.

In return for these commitments, the Departments' expect that:

- **Dartford & Gravesham Borough Councils** will ensure developer contributions are provided towards the Homes and Roads Programme through s106 agreement, and in due course Community Infrastructure Levy (CIL) mechanisms;
- **Dartford Borough Council, Gravesham Borough Council and Kent County Council** will each contribute a proportion of their New Homes Bonus income towards the Homes and Roads Programme for as long as New Homes Bonus can be legally collected and used in this manner;
- **Land Securities** and its partners commit to a timescale for delivering their first homes by 2013 with a total of 1,500 homes by 2020; and to contribute £24.7m towards the Homes and Roads Programme through the completion in total of 4,500 homes at Eastern Quarry.
- **Kent County Council, Dartford Borough Council, Land Securities Eastern Quarry Limited and Coutts and Co** will sign the Deed of Variation to the S106 Agreement for Eastern Quarry which would change the terms of the original S106 Agreement in the following respects:
 - i) Transport contribution reduced from £40m to £24.7m;
 - ii) Payment schedule changed from 7 year plan commencing when development starts, to payment spread over the first 4,500 homes, pro rata with completions;
 - iii) First five years payments at a discount rate, with the discount recovered through the remaining payments.
- Regarding the management and delivery of the Homes and Roads Programme **Kent County Council** will act as accountable body, accepting and managing significant risk in the Programme, including scheme cost inflation and project over-runs but only for solutions that total the amount forecast to be collected from S106 and CIL i.e. £65.9m (£94.5m at inflated prices).
- The programme covering improvements to the local road network would be agreed between **Kent County Council, Dartford Borough Council and Gravesham Borough Council**. Details of the improvements to the Strategic Road Network included in the Homes and Roads programme would be additionally agreed by the **Department for Transport** and the **Highways Agency**, and their delivery would be subject to the development of a robust business case and consideration of delivery funding availability. If further monies are required **Kent partners** and the **Department for Transport** are committed to identifying possible alternative funding streams.

Review of Kent Thameside Strategic Transport Programme

Scheme	Estimated Costs (including contingency)		Comments
	Initial	Current	
A2 Ebbsfleet Junction	£34.0m	£30.0m	The scheme provides for the enlargement and signalisation of the roundabouts forming this junction along with the widening of slip-roads and link-roads. Discussions have been held with the DfT/HA regarding the scale and timing of these improvements to reach the revised target cost for the overall scheme. Transport modelling work still shows this interchange to be one of the priority locations for improvement.
A2 Bean Junction	£54.9m	£50.0m	The scheme provides for the enlargement and signalisation of the roundabouts forming this junction, improvements to slip-roads and improvements to the bridge across the A2. Discussions have been held with the DfT/HA regarding the scale and timing of these improvements to reach the revised target cost for the overall scheme. Transport modelling work still shows this interchange to be one of the priority locations for improvement.
A2 Demand Management	£34.5m	Suspended from Programme	Little work has been done to define this scheme and its initial inclusion was on the basis that no further capacity improvements would be made to the A2 and, therefore, future traffic growth would need to be managed. The scheme will also be influenced by a number of factors external to Kent Thameside including: - <ul style="list-style-type: none"> - Planned development in the Medway Towns - Strategic routing of traffic to/from Dover - Dartford Crossing "Free-Flow" charging - The location of a future Lower Thames Crossing.
B262 Hall Road Junction	£3.4m	Removed from Programme	Works to be implemented as part of a planning application for the expansion of an adjacent retail store are expected to improve this junction. The scheme has been removed from the programme with the works being provided by the developer regarded as an "In-Kind" contribution to the programme.

Scheme	Estimated Costs (including contingency)		Comments
	Initial	Current	
A226 London Road/St Clements Way Junction	£8.5m	£8.5m	There is currently a conceptual design for the improvement of this junction that involves enlargement of the existing roundabout and the provision of an underpass for north-south traffic. However, there are concerns about the feasibility of this scheme and its cost which could impact on its viability. Transport modelling work still shows this junction to be one of the priority locations for improvement. It is proposed to test the feasibility/viability of the current scheme and investigate alternative options for the improvement of this junction. Potential alternative options could include enlargement of the existing roundabout with the provision of traffic signals or replacement of the existing roundabout with a signal controlled junction.
A226 Thames Way (STDR4) Dualling	£14.3m	£8.9m	The A226 Thames Way (formerly South Thameside Development Route – Stage 4) has been constructed as a single carriageway but land has been safeguarded and the structures built to accommodate future widening to a dual-carriageway. The proposal to widen a 1.6km section of the A226 and modify the existing junctions to accommodate this remains the same. A revised cost estimate has been produced based on more recent evidence and experience from East Kent Access Phase 2.
Urban Traffic Management & Control (UTMC)	£8.0m	£4.5m	The requirements for area-wide UTMC across have changed since this scheme was originally conceived. The scheme was to be co-ordinated with the A2 Demand Management measures but with this suspended from the programme the UTMC has been reconsidered. Part of the UTMC scheme has been incorporated within Dartford Town Centre Improvements. The extent of the remaining UTMC measures have been revised to meet more local needs.
Dartford Town Centre Improvements	£11.4m	£4.5m	Negotiations have resulted in a number of improvements within Dartford town centre being provided directly by developers as “In-Kind” contributions, thereby reducing the overall costs of this scheme. The transport network constituting Dartford Town Centre has been defined and within this network locations requiring improvement identified. The estimated cost for further improvements has been broadly based on the costs put forward by the developer’s.

Scheme	Estimated Costs (including contingency)		Comments
	Initial	Current	
Rathmore Road Link, Gravesend	£11.4m	£8.0m	This scheme is currently being designed and a detailed planning application was submitted in April 2012. A detailed costs estimate for the scheme was produced in February 2012 and includes a contingency for inherent risks. This cost estimate will be reviewed on a regular basis. Start of construction is currently estimated for late Autumn 2013 subject to statutory procedures.
A206 Marsh Street Junction	£3.4m	Removed from Programme	Traffic modelling of the latest development pattern in North Dartford has revealed that there is no longer a need to improve this junction.
Fastrack – Northfleet to Garrick Street	£14.3m	Suspended from Programme	A concept design was produced for this scheme providing bus priority for Fastrack (including sections of dedicated carriageway) through Imperial Business/Retail Park and along Clifton Road/Bath Street to the Garrick Street Interchange. Potential changes to the development pattern at Northfleet Embankment, being considered within Gravesham BC's Core Strategy, are likely to have an impact on the provision of a Fastrack route between Greenhithe and Gravesend town centre. With the possibility that the scheme currently designed could become redundant it has been suspended from the programme subject to further review pending the impact of the revised development pattern for Northfleet Embankment.
M25 (A282) Junction 1A	Not Initially Included	Consideration for Inclusion in Programme Suspended	In the course of reviewing the programme consideration was given to the inclusion of a scheme to improve congestion at this junction after concerns regarding its future capacity were raised by the Highways Agency in relation to proposed development in North Dartford. A study was completed in November 2010 that identified a number of options to reduce the anticipated congestion. In further discussions with the DfT/HA it has been recognised that the problems encountered are predominantly related to congestion at the Dartford Crossing and it would be better to co-ordinate any planned improvement with the Dartford Crossing "Free-Flow" Charging Regime. This is not due to be implemented before December 2013.
Admin Costs	£2.1m	£1.8m	
Total Cost of Programme	£200.2m	£116.2m	

Risk Assessment for the Kent Thameside Strategic Transport Programme

Risk No.	Category	Risk	Probability of Occurrence (P)	Impact			Overall Impact (I) = (C+T+Q)/3	Risk Assessment	Mitigation/Management
				Cost (C)	Time (T)	Quality (Q)			
1.	Partnership	The Governance arrangements for the programme established between the key stakeholders breaks down.	2	2	3	1	2.0	Moderate (2.2)	Regular liaison between the key stakeholders involved in the delivery of the programme will ensure that any issues are identified, discussed and resolved before they can escalate. Procedures will be adopted within the Governance arrangements to deal with any conflicts/unresolved issues.
2.	Partnership	There is a breach of one or more of the funding agreements.	3	3	3	1	2.3	Moderate (3.2)	Monitoring of the milestones and outputs of the programme to meet the requirements of the funding agreements. Regular liaison with the signatories of the funding agreements will ensure that any issues are identified, discussed and resolved. Procedures will be adopted within the funding agreements to deal with any conflicts/unresolved issues.
3.	Demand	A reduction in anticipated demand leads to a fall in the level of development reducing the demand for transport improvements.	4	5	3	4	4.0	High (4.4)	Development is planned to take place over a 20-year period during which there is expected to be fluctuations in market conditions that would balance out. Regular monitoring of development and assessment of its impact on transport demand will enable a co-ordinated response and timely adjustment of when schemes are implemented. Ultimately if the planned level of development is not realised then demand for transport would be reduced and the programme would be reduced in scale.

4.	Demand	Development occurs at a rate faster than expected requiring transport improvements earlier than anticipated.	1	5	5	2	4.0	Moderate (1.4)	Development is planned to take place over a 20-year period during which there is expected to be fluctuations in market conditions that would balance out. Regular monitoring of development and assessment of its impact on transport demand will enable a co-ordinated response and timely adjustment of when schemes are implemented. Flexibility is built within the programme and investment fund to allow schemes to be brought forward to meet demand. A Cash Flow Model will be used to determine whether sufficient funds are available to commit to implementation of schemes.
5.	Funding	Deed of Variation to S.106 Agreement for Eastern Quarry is not agreed with Land Securities.	1	5	5	4	4.7	Moderate (1.5)	Negotiations with Land Securities to resolve issues regarding contribution to programme contained in existing S.106 Agreement has resulted in agreement on "Heads of Terms" for Deed of Variation. Continued liaison to ensure Deed of variation is signed. Ultimately failure to agreed Deed of Variation would lead to appeal of the S.106 which if successful would need to be renegotiated.
6.	Funding	Developer contributions from Eastern Quarry are not forthcoming due to cessation of development.	3	5	3	4	4.0	High (3.4)	Suitable clauses are included within the deed of Variation to the S.106 Agreement for Eastern Quarry to cover such an event. Ultimately if development in Eastern Quarry ceases then demand on transport network would be reduced. The programme has the flexibility to allow alternative schemes to be implemented. Monitoring the progress of development will ensure that any commitment to implement a scheme matches available funding.
7.	Funding	Developer	4	5	5	4	4.7	Significant	The programme approach to strategic transport

		contributions from S.106 Agreements/CIL do not produce the level of funding anticipated.						(4.5)	infrastructure improvements allows flexibility to react to changing circumstances. Alternative sources of funding would be explored to cover any shortfall from development this could include further public sector funding if available. CIL charging for the programme could be extended beyond the current timescale of 2030/31. Ultimately the programme could be reduced in its scope to match the available funding.
8.	Funding	Developer contributions from S.106 Agreements/CIL produce a level of funding in excess of that anticipated.	1	2	2	1	1.7	Low (1.2)	Flexibility within the programme would enable schemes to be brought forward to take advantage of any additional funding. Governance arrangements will allow key stakeholders to determine if any additional schemes should be added to the programme.
9.	Funding	Use of CIL to secure developer contributions towards the programme is successfully challenged.	2	5	2	2	3.0	High (2.3)	Programme established in Infrastructure Delivery Plan of the Core Strategies for Dartford and Gravesham and in the CIL Charging Schedules. Sufficient evidence provided to justify need for infrastructure, costs and charge to development. Use of more limited negotiations under traditional S.106 Agreements.
10.	Funding	Competing priorities for funding raised by CIL results in a reduced level of funding from developer contributions.	4	5	5	4	4.7	Significant (4.5)	CIL is reviewed at 5-year intervals. Flexibility in programme to delay implementation of schemes if necessary. Governance arrangements would include a Partnership Agreement between the local authorities. Programme could be reduced to match available funding. CIL funding for programme could be extended beyond 2030/31.
11.	Funding	Continued slow-down in the rate of development leads	3	4	5	2	3.7	High (3.4)	Any delay in development would delay the need for transport intervention. Flexibility within the programme to delay schemes. Developer

		to a delay in the receipt of developer contributions.							contributions would also be index linked using the Road Construction Tender Price Index so that delayed contributions would match potential increases in construction costs. CIL funding could also be extended beyond the current assumed limit of 2030/31.
12.	Funding	Further public sector funding contributions are not secured.	5	5	5	4	4.7	Significant (5.5)	Alternative sources of funding explored to cover shortfall. CIL funding could also be extended beyond the current assumed limit of 2030/31 or, if feasible, the level of CIL funding could be increased assuming the programme has priority over other community infrastructure. Programme would be reduced in scale to match available funding.
13.	Funding	Alternative sources of funding are not identified to overcome the potential shortfall in funding.	5	5	5	4	4.7	Significant (5.5)	Approach to Government to provide additional public sector funding. CIL funding could also be extended beyond the current assumed limit of 2030/31 or, if feasible, the level of CIL funding could be increased assuming the programme has priority over other community infrastructure. Programme would be reduced in scale to match available funding.
14.	Planning	Designs for the implementation of individual schemes contained in the programme fail to gain planning permission.	3	4	4	3	3.7	High (3.4)	Dartford and Gravesham Borough Councils have a prominent role in development and governance of programme. A risk based contingency will be included in costs for each scheme. Strong communication of the progress of schemes with key stakeholders and public. Alternative options considered for schemes.
15.	Planning	The purchase of third party land required to deliver individual schemes	3	3	4	1	2.7	High (3.3)	A large proportion of the schemes require land that is either in the control of the local authorities or developers who have an interest in the programme being implemented to facilitate

		contained in the programme is not achieved.							their own development. Consultation with developers to reach agreement on safeguarding of land for schemes. Both KCC and the Highways Agency can use powers of Compulsory Purchase Orders to acquire the land necessary to implement schemes.
16.	Construction	Construction costs increase.	4	4	2	4	3.3	High (4.3)	Estimated scheme costs derived to level of design of scheme and through experience and comparison with similar projects. Risk based contingency will be included in the scheme costs. Costs regularly reviewed and refined as the schemes progress. Developer contributions linked to Road Construction Tender Price Index. Flexibility within the programme to adopt alternative options.
17.	Construction	Scheme costs turn out to be less than initially estimated.	1	3	1	1	1.7	Low (1.2)	Costs regularly reviewed and refined as the schemes progress. Risk based contingency will be included in the scheme costs. Flexibility within the programme to transfer cost savings to other schemes. Governance arrangements will allow key stakeholders to determine if any additional schemes should be added to the programme.
18.	Construction	Unforeseen ground conditions and/or utilities apparatus results in increased costs and/or delays to the construction of schemes.	4	4	3	4	3.7	High (4.4)	Thorough assessment of conditions and site surveys at an early stage of the scheme design to identify potential problems. Risk based contingency will be included in the scheme costs. Alternative options considered where a risk has been identified as having an impact on the scheme costs or its viability.

Risk Assessment Scoring

Probability	5 Very Likely	Low (5.1)	Moderate (5.2)	High (5.3)	Significant (5.4)	Significant (5.5)
	4 Likely	Low (4.1)	Moderate (4.2)	High (4.3)	High (4.4)	Significant (4.5)
	3 Possible	Low (3.1)	Moderate (3.2)	High (3.3)	High (3.4)	High (3.5)
	2 Unlikely	Low (2.1)	Moderate (2.2)	High (2.3)	High (2.4)	High (2.5)
	1 Very Unlikely	Insignificant (1.1)	Low (1.2)	Moderate (1.3)	Moderate (1.4)	Moderate (1.5)
	1 Minor	2 Moderate	3 Significant	4 Serious	5 Major	
	Impact					

Proposed Governance Arrangements for the Kent Thameside Strategic Transport Programme

- (1) The following components are proposed for the Governance arrangements for the programme to be established through consultation and agreement with the key stakeholders. Currently the key stakeholders include Dartford Borough Council, the Department for Transport, the Homes & Communities Agency, Gravesham Borough Council, the Highways Agency and Kent County Council.
- (2) **Accountable Body**

Kent County Council currently acts as the Accountable Body for the programme through a decision taken on 21st February 2008 (Decision No.07/01108). In this role the County Council will enter into agreements necessary to secure funding for the programme and will manage the programme ensuring that delivery is achieved within an acceptable level of risk. It will set-up and administer a dedicated fund for the programme and use its borrowing powers when necessary to ensure the delivery of the programme.
- (3) **Funding Agreements**

Separate but inter-related funding agreements will be entered into by the County Council as the Accountable Body to secure both the public and private sector funding needed to deliver the programme. Where required this will include agreements under Section 106 of the Town & County Planning Act 1990 or Section 278 of the Highways Act 1980 or other such agreements that would secure contributions from development.

A funding agreement has already been signed with the HCA that has secured a £13m contribution towards the programme. At present further agreements are anticipated between the County Council and: -

 - a.) Dartford and Gravesham Borough Councils
 - b.) Department for Transport
- (4) **Programme Investment Fund**

A dedicated account has been established within the County Council's corporate financial system to hold both the public and private sector funding contributions. This account is solely for the use of the programme and will be subject to an independent audit.
- (5) **Steering Group**

It is proposed to establish a Steering Group initially with representatives from each of the key partners involved in the delivery of the programme. This Steering Group will meet at regular intervals to discuss matters related to the programme such as the progress of the schemes, milestones and outputs, ongoing costs and expenditure, availability of funding, the suitability of schemes in the programme, any proposed changes to the programme and any other matters as agreed by the Steering Group. The Steering Group will agree the Forward Delivery Programme.

(6) Forward Delivery Programme

A Forward Delivery Programme will be produced, in consultation with the key stakeholders, and will set out the planned expenditure and timescale for the delivery of individual schemes contained within the programme. The Forward Delivery Programme will be reviewed on an annual basis.

(7) Annual Progress Report

An Annual Progress Report will be produced which will cover: -

- a.) Expenditure on the programme to date;
- b.) Progress of the schemes contained in the programme;
- c.) Status of the Programme Investment Fund and any income that has been received;
- d.) Progress in meeting outputs and milestones;
- e.) An explanation of any delays and/or mitigating actions;
- f.) Any variations that are needed to the programme as a result of changed circumstances;
- g.) The planned expenditure for forthcoming years and the timescales for bringing forward implementation of the schemes; and
- h.) Any other matters as agreed by the Steering Group.

(8) Programme Manager

It is proposed to appoint a dedicated Programme Manager for the programme who will be responsible for its day-to-day management with the post funded from the programme. The Programme Manager would report to the Steering Group but direct line management would rest with the County Council. The Programme Manager will act as the "*Client's Representative*" for the commissioning of schemes within the programme.

(9) Delivery Agents

The programme contains schemes that would improve both the Strategic Road Network and the Local Road Network. Delivery agents would be responsible for the implementation of individual schemes. At present this role would fall to the Highways Agency for those schemes that are part of the Strategic Road Network and to Kent Highway Services for those schemes that are part of the Local Road Network.

(10) Monitoring

Suitable data will be collected over the duration of the programme to ensure that: -

- a.) any reporting requirements set out in the funding agreements are fulfilled;
- b.) outputs and milestones of the programme are recorded; and
- c.) the programme achieves its intended aims and objectives.