

**KENT COUNTY COUNCIL
LEGAL AND DEMOCRATIC SERVICES**

PREPARATION SHEET FOR A REPORT SEEKING AN EXECUTIVE DECISION

1. Whose Name will the Report be in
Mark Dance Cabinet Member for Regeneration & Economic Development Bryan Sweetland Cabinet Member for Environment, Highways & Waste John Simmonds Cabinet Member for Finance & Procurement

2. Decision Number - if known
12/01953

3. Contact Officer and Contact Details) Stephen Dukes, Economic Development Officer, Economic & Spatial Development Unit, BSS <input type="checkbox"/> E-mail address: stephen.dukes@kent.gov.uk Telephone No: 01622 – 221962

4. TOPIC OF DECISION

(This should include the subject matter of the proposed decision (the location if appropriate) and a brief summary of the proposal)

(NB: If the decision or report are likely to disclose exempt information please specify the relevant paragraph(s) of Part 1 of Schedule 12A of the Local Government Act 1972.)

Kent Thameside Strategic Transport (Homes & Roads) Programme

1. The Kent Thameside Strategic Transport (Homes & Roads) Programme is a package of transport infrastructure improvements that respond to the complexities encountered from the impacts and mitigation measures for significant development across the boroughs of Dartford and Gravesham. The 20-year programme aims to enable development of some 22,600 new homes and around 1 million m² of commercial development with the potential for 60,000 jobs. 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. Since that decision was taken there have been considerable changes to the progress of development and the level of available funding.
2. Funding for the programme largely consists of public sector grant and private sector contributions. The current estimated cost for the programme is £116.2m and the anticipated funding is estimated at £84.0m leaving a funding gap of £32.2m (current prices). Management of the financial risk associated with the current funding gap is to implement schemes only within the level of available funding. 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 generated by NHB related solely to the Eastern Quarry, Northfleet West Sub-Station and Springhead Park development sites up to 2015/16, the current limit of Government support for this initiative. This would result in a cost to the County Council of around £1.0m with the Borough Councils bearing the remaining cost.
3. The programme would deliver key improvements to the transport network enabling development across the boroughs of Dartford and Gravesham to proceed. In doing so the programme would contribute to Ambition 1 of the Vision for Kent and would be in line with priorities 8, 9 and 10 of Bold Steps for Kent. The programme is identified in the Local Transport Plan for Kent 2011-16 and the integrated transport strategy Bold Steps for Transport "Growth Without Gridlock".
4. A funding agreement was signed with the Homes & Communities Agency in March 2010 which has 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 commitments. Discussions have taken place with both DCLG and DfT regarding the Government's continued commitment to the programme. Neither of these Government departments regards themselves in a position to make funding commitments 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 a joint proposition has been agreed with DCLG/DfT. Whilst this proposal does not provide any further public sector funding commitment to the programme it does include a commitment by the DfT/HA to invest in further work to refresh the business case/preliminary design of the A2 Bean and A2 Ebbsfleet schemes. A commitment is also made by the DCLG/DfT to work with its Kent partners to identify funding opportunities from new Government policy and initiatives as these emerge or are clarified.
5. Negotiations have also been taking place with Land Securities regarding a Deed of Variation to the S.106 Agreement for Eastern Quarry. The original agreement required a £40m contribution paid over a 7-year period from the commencement of development and was regarded by Land Securities as an obstacle to securing 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 on completion of the 4,500th dwelling. All other obligations contained within the original S.106 Agreement would remain unchanged. 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. Around £7.6m of this funding has already been identified.

6. The receipt of £13m funding from the HCA signalled the start of the programme. This funding has initially been focused on Dartford Town Centre improvements and the Rathmore Road Link scheme in Gravesend. With continued uncertainty over future public sector funding for the programme and concerns regarding the ability of development to fund major infrastructure in the current economic climate, a review of the programme was instigated. This review has resulted in the overall cost of the programme being 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 the remaining schemes based recent experience of the costs of major transport infrastructure.
7. A risk assessment has been carried out using the County Council's Corporate Risk Management process. The most significant risks are those that would result in a shortfall in the level of funding available for the programme. There are potential options to overcome any shortfall but ultimately if this is not achieved scheme implementation 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. It is not envisaged that the County Council's borrowing powers would be used to cover a shortfall in the overall funding for the programme. Higher level risks are those predominantly related to fluctuations in the anticipated income, changes affecting the programme costs and circumstances where implementation could be delayed. These risks are generally more manageable, would not necessarily result in a shortfall in the overall funding for the programme and have alternative options that could be employed to mitigate the risk.
8. Strong management of the programme will be required to offset the risks including a robust monitoring regime. A Forward Delivery Programme would be reviewed and agreed annually by the key stakeholders. A Partnership Agreement between the local authorities would cover the collection of developer contributions towards the programme. It is also anticipated that an agreement would be reached with the DfT regarding the development and implementation of the A2 Bean and A2 Ebbsfleet schemes which should see some public sector funding provided and a share of the risks for these two schemes. A decision to implement any individual scheme would only be made once it has been fully designed with risks identified, a robust cost estimate and a forecast level of funding to cover its cost. The County Council's borrowing powers may be used for short-term cash flow problems associated with the implementation of individual schemes with the cost of such borrowing covered by the programme.
9. With funding available and the programme moving into its implementation stage, it is appropriate that formal Governance arrangements are established. A key component would be the setting up of a Steering Group and it is proposed that this is entrusted to the Cabinet Member for Regeneration & Economic Development in consultation with Dartford and Gravesham Borough Councils. A Forward Delivery Programme would also be produced setting out the forecast expenditure and implementation of the schemes. This would be reviewed annually by the Steering Group and KCC approval provided by the Cabinet Member for Regeneration & Economic Development in consultation with the Cabinet Member for Environment, Highways Waste and the Cabinet Member for Finance & Procurement.
10. Local Members within the boroughs of Dartford and Gravesham have been consulted regarding this report with comments received from Mr Snelling (Gravesham Rural) and Mr Lees (Swanscombe & Greenhithe). The report has also been considered by the Environment, Highways & Waste Cabinet Committee at its meeting of 20th September and the Economic Development Cabinet Committee at its meeting of 21st September. Both Cabinet Committees agreed the recommendations with their concerns regarding the risks and the responses received from officers on the mitigation of these risks noted.
11. The proposed decision seeks the following: -
 - i.) Confirmation that Kent County Council continues to act as the Accountable Body for the Kent Thameside Strategic Transport (Homes & Roads) Programme.
 - ii.) That the setting up of the Governance Arrangements for the Kent Thameside Strategic Transport (Homes & Roads) Programme is entrusted to the Cabinet Member for Regeneration & Economic Development in consultation with Dartford and Gravesham Borough Councils.
 - iii.) That the Corporate Director Business Strategy & Support, in consultation with the Corporate Director Enterprise & Environment and the Corporate Director Finance & Procurement, is authorised to negotiate and execute legal and/or partnership agreements pursuant to the delivery and management of the Kent Thameside Strategic Transport (Homes & Roads) Programme.

Is the Report (please tick one box only)		Please identify any previous Decision Number(s) Related to this Topic
Unrestricted	Exempt	
√		Decision Number(s) 07/01108

5. Is the Proposed Decision *If the proposed decision is a key decision not on the Forward Plan please seek the advice of your Democratic Services contact.*
(please tick one box only)

A Key Decision on the Forward Plan

Other

6. Who will make the Decision?

(please tick one box only: if the Decision is to be taken by the Cabinet Member, he or she will need to address the interest question. This section needs to be completed before the Decision route is endorsed by the Leader)

Leader

Cabinet

Cabinet Member (name)

Has the Cabinet Member declared any interest pecuniary or otherwise in the Proposed Decision?

Pecuniary		Non Pecuniary	
*YES	NO	*YES	NO
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If YES, please give details*

7. Has the proposed Decision route been endorsed by the Leader?

YES NO

8. Is the proposed decision contrary to or inconsistent with a policy within the Policy Framework?

YES NO

Is the proposed Decision within the agreed Budget?

YES NO

If you have any doubts, please consult Stuart Ballard or Geoff Mills in Democratic Services or the Director of Finance.

Please specify which document(s) in the Policy Framework the proposed Decision stems from (if none, write 'none')

Vision for Kent 2011-22
Bold Steps for Kent
Local Transport Plan for Kent 2011-16
Bold Steps for Transport "Growth Without Gridlock"

9. MANDATORY CHECKS

Is Corporate Finance satisfied with the financial implications of the proposed Decision?

YES *NO

**Comment (mandatory where response is 'NO')*

The following where relevant	YES	NO	N/A
Personnel:			<input checked="" type="checkbox"/>
Property:			<input checked="" type="checkbox"/>
Strategic Procurement Adviser/Corp Procurement	<input checked="" type="checkbox"/>		
Information Systems:			<input checked="" type="checkbox"/>
Legal:	<input checked="" type="checkbox"/>		

10. OTHER CHECKS*(a) Local Member(s); (b) other Cabinet Portfolio holders affected by the proposed Decision*

	YES	*NO	N/A	Where YES, give names	*Comment (mandatory where response is 'NO')
Local Member(s)	√			Anne Allen (Wilmington) Penny Cole (Dartford East) Jeremy Kite MBE (Dartford Rural) Richard Lees (Swanscombe & Greenhithe) Jan Ozog (Dartford West) Avtar Sandhu MBE (Dartford North East) Leslie Christie (Northfleet & Gravesend West) Harold Craske (Northfleet & Gravesend West) John Cubitt (Gravesham East) Michael Snelling (Gravesham Rural) Bryan Sweetland (Gravesham East)	
Cabinet Member(s)	√			Mark Dance, Cabinet Member for Regeneration & Economic Development. Bryan Sweetland, Cabinet Member for Environment, Highways & Waste. John Simmonds, Cabinet Member for Finance & Procurement.	

**WHEN COMPLETED SEND THIS PREPARATION SHEET TOGETHER
WITH YOUR REPORT TO DEMOCRATIC SERVICES**