

## KENT COUNTY COUNCIL

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### SCRUTINY COMMITTEE

MINUTES of a meeting of the Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Tuesday, 21 October 2014.

PRESENT: Mr R J Parry (Chairman), Mr J E Scholes (Vice-Chairman), Mr M Baldock, Mr H Birkby, Mr R H Bird, Mr G Cowan, Mr E E C Hotson, Mr A J King, MBE, Mr L B Ridings, MBE, Mr D Smyth and Mrs P A V Stockell

IN ATTENDANCE: Ms A Carruthers (Transport Strategy - Delivery Manager), Mr P Crick (Director Environment, Planning & Enforcement), Mr J Cook (Scrutiny Research Officer), Ms D Fitch (Democratic Services Manager (Council)), Mr F Qadir (Principal Transport Planner - Delivery) and Mr K Tilson (Finance Business Partner - Customer & Communities)

### UNRESTRICTED ITEMS

**60. Minutes of the meeting held on 25 September 2014**  
*(Item A4)*

RESOLVED that the minutes of the meeting held on 25 September 2014 are correctly recorded and that they be signed by the Chairman as a correct record.

#### **D - Items for discussion**

**61. Lorry Park Network (Phase 1)**  
*(Item D1)*

(1) This item had been placed on the agenda for discussion by the Chairman and Spokesmen. Circulated with the agenda was detailed information on the project including the responses from the Environment & Transport directorate to questions raised in relation to the decision to endorse the Lorry Park Network (Phase 1) project.

(2) Mr Crick introduced the item by outlining that the project had arisen as a result of the identified need for Lorry parking provision which was detailed in the Growth Without Gridlock KCC Strategy. The method of delivery had changed over time in line with reduced resources and updated demand models but the main issues it sought to address remained the same; reduce disruption from Operation Stack and to alleviate the anti-social behaviour linked with HGVs parking inappropriately in residential and industrial areas. He continued by explaining that the M20 had been identified as the priority due to evidence of the traffic flow of HGVs being primarily along the M20 / A20 corridor. Furthermore, Mr Crick stated that a detailed Commercial Assessment had been undertaken to evaluate whether a KCC developed Lorry Park Network would be a viable business decision, providing a return on investment and remaining affordable.

(3) On being asked to clarify the financial position of the project, Mr Tilson explained that KCC's Treasury Policy was to ensure best value was obtained and that all financing options should be considered and that only the most appropriate

and the most beneficial to the authority should be pursued. He stated that the £12.7million loan (Public Works Loan fund) that had been secured for the delivery of this project had been declared – and approved by Full Council - in the Medium Term Financial Plan (MTFP) in February 2014 to ensure all protocols had been followed and that this was a viable option to fund the project. It is/was not however a definitive stance on how the project would be funded. This loan has not been drawn down, nor a formal loan agreement entered in to, but was presented as a viable option due to the favourable interest rate and high anticipated return on investment. Its presence in the MTFP gave the authority to use the secured finance if required but a future decision would be made on how the scheme was to be funded This is completely separate to the authority's current stance on Treasury, whereby due to the level of cash reserves currently held that, at this moment in time, KCC would look to borrow/lend internally and not utilise external funding. That stance is reviewed weekly and therefore the two issues are not mutually exclusive. One is having the relevant authorities in place to fund a specific scheme, the other is the current stance that KCC may not choose this route as it has funds internally that could be used, albeit they still need to be paid back so it is not free funds.

(4) Ms Carruthers summarised the process used for the assessment of potential sites. She gave a brief overview of each of the shortlist sites, detailing their positives and negatives. She then gave a summary of the viability assessment conducted by KCC. Survey work had been undertaken with HGV drivers and Lorry Park providers to collect anecdotal and qualitative data. It was shown that some providers regularly turned away many HGVs every night due to insufficient capacity. A demand assessment had been carried out using data from the Department for Transport (DfT) traffic projections and Channel Crossing information on international traffic flow. The combined data resulted in a projection that showed that the demand for lorry parking in Kent was due to treble by 2060. Ms Carruthers also mentioned that other factors should be considered such as the impending Sulphur emission regulation that may impact on HGV driver behaviour but had not been included in the modelling work".

(5) In relation to HGV Levy income which came into force on 1 April 2014, Ms Carruthers explained that the DfT had expected to raise £23million annually but in the first four months, the Levy had raised £17million. This indicates a much higher rate of HGV activity and road use than anticipated, increasing the need for Lorry Parking.

(6) Ms Carruthers explained that a detailed Commercial Assessment had been conducted on the 8 shortlisted sites to gauge the likely return on investment. The M20 and M2 were considered but 80% of HGV flow was on the M20, with only 20% using the M2. The assessment indicated a 23% rate of return over 40 year's loan period for the Westenhanger site, based on the long term financial assessment model.

(7) Ms Carruthers stressed that the costs for the project were still variable and subject to change depending on circumstances and more detailed work. She stated that safeguards had been built into the process to ensure that Members would be alerted if the funding situation or expected return on investment were projected to be unfavourable.

(8) In relation to the project not featuring in Shepway Districts Local Plan Ms Carruthers explained that this Local Plan had been agreed before the preferred

option of the Westenhanger site had been identified. However, the Local Plan Core Strategy was a very strategic document that outlined area wide growth plans and expectations but did not dictate how such growth was to be delivered. She stated that the project team would therefore ensure that they worked closely with the District Council as the Local Plan moves through its more detailed stages.

(9) Officers answer questions from Members which included the following:

- In relation to the £12.7million that had been secured to finance the project, Mr Tilson explained that the funding had been secured, as evidenced in the Budget and the MTFP, but had not yet been taken up formally and no monies had been drawn down. The borrowing approval that is reflected in the MTFP had been reflected in the report to the Cabinet Committee, so this was not in contradiction to a separate statement on Treasury Policy whereby KCC would, at this moment in time, be unlikely to borrow externally to fund future projects.
- Reference was made by a Member to the statement that had been made at full Council which suggested that no KCC projects would be funded with externally borrowed finance. The above statement remains true as due to the level of cash reserves, the Public Works Loan Board funding may not be used but was included in the report as as an option for this project and perhaps the statement could have been worded better but that is certainly was not incorrect or inaccurate which was the question/statement posed by the member as the statement is most certainly factually correct
- A Member asked why sites outside of KCC's area, such as Clackett Lane and Thurrock had not been considered as possible options. Ms Carruthers stated that there was work being carried out on Lorry Parking in Thurrock by another Council and that KCC had no control over the provision of lorry parking at Clackett Lane. She emphasised that engagement with HGV drivers had shown that there was high demand for Lorry Parking in Kent as drivers wanted to be able to stop close to the Channel Crossing. She did accept that consideration of wider national activity on Lorry parking was important and stated that the project board had taken this into account.
- A Member expressed concern that while this project had strategic merit, it would have significant local implications and raised questions about the wider need for savings, balanced against investing a substantial sum of money in one project. Ms Carruthers explained that while the private sector was interested in providing lorry parking, there were other areas of business attracting more growth. This provided an opportunity for KCC to provide a much needed service and to recoup its investment. The assessment models did take into account the private sector as a potential competitor and still showed this as a viable project for KCC.
- In relation to a question on enforcement in relation to lorry parking in residential and industrial areas, Ms Carruthers explained that all parking enforcement had been devolved to District Councils. Discussions had been held with District Councils and the Police which indicated that enforcement work would be conditional on the provision of appropriate parking to move HGVs to when they were parking inappropriately.
- A Member suggested that one way of addressing the enforcement and usage of the Lorry Park to prevent anti-social and on street lorry parking was to include the cost of parking and facilities in the price of the Crossing ticket. This would mean companies paid for the Lorry Park use and there would be

no disincentive for lorry drivers to park elsewhere. Ms Carruthers agreed to examine this suggestion.

- A Member highlighted the benefits of the European system of free parking for HGV drivers with charges only levied for services like showers and food. The Officers explained that this system was entirely subsidised by the respective European governments and no government funding was available for these facilities in the UK.
- Ms Carruthers clarified that each of the site assessments had been carried out on an individual basis and took into consideration all other competing provision and relevant circumstance known about at the time.
- Ms Carruthers explained that further commercial analysis would be conducted should the Lorry Park Network expand to a second site. This future assessment would be able to adequately model the demand and financial viability of a second KCC run site.
- A Member expressed concern that the M20 attracted a far greater weight of HGV traffic than the M2 and suggested that this was partly due to poor signage at the M25 junction. This resulted in increased disruption in Dover due to the excess traffic from the M20 having to traverse the main town rather than arriving at the docks direct as they would from the A2. Ms Carruthers explained that most traffic was directed to the M20 from the M25 as the road infrastructure was better than the M2.
- All Members agreed that more should be done to secure some of the HGV Levy revenue from Central government to mitigate the detrimental effects of HGV's passing through Kent.

(10) RESOLVED that the officers be thanked for attending the meeting and that the comments made by Members be noted.