

From: **Michael Payne, Cabinet Member for Highways and Transport**
Barbara Cooper, Corporate Director Growth Environment and Transport

To: **Cabinet**

Subject: **Decision No: 19/00085 Thanet Parkway Railway Station – Delivery**

Key decision *Expenditure of > £1m*

Classification: **Unrestricted**

Past Pathway of Paper: Environment and Transport Cabinet Committee 29/11/19

Future Pathway of Paper: N/A

Electoral Division: Ramsgate
Birchington & Rural

Summary: This report sets out the progress to date on the proposed Thanet Parkway Railway Station. It explains that Kent County Council will commit up to £17.81m to complete the funding package for the scheme (£34.51m) which will secure a significant contribution (£14m) of Local Growth Fund Money (LGF) from the South East Local Enterprise Partnership (SELEP) and enable the scheme to be delivered. Following completion of the outline design and submission of a revised planning application, the next stage of the project is to undertake detailed design, and subject to planning determination, progress into the delivery stage of the scheme. A decision to progress with delivery is required now so as not to delay the project programme and allow the spend of the LGF money by the end of the Growth Deal Period (March 2021).

Recommendation(s): Cabinet is asked to take the decision (as attached decision sheet at Appendix A) to:

1) agree to progress and deliver the Thanet Parkway Railway Station project (up to a total KCC contribution of £17.81m), which will include the following key activities;

- a) undertaking detailed design; and subject to planning approval;
- b) completing the acquisition of the land; and
- c) entering into contracts as necessary for construction.

2) delegate authority to the Corporate Director of Growth, Environment & Transport, in consultation with the Cabinet Member for Highways and Transport, to take appropriate actions necessary to implement this decision, including but not limited to, deciding the preferred procurement route and entering in relevant contracts (of which KCC's contribution is to the maximum value of £17.81m) or other legal agreements.

1. Introduction

- 1.1 Poor accessibility in East Kent is a critical barrier that has limited the potential of the area to attract inward investment, which has served historically to undermine the potential for regeneration and has also limited the catchment for employment opportunities for local residents. As such, improving connectivity is a vital step in unlocking development potential and attracting investment and job opportunities for local people in East Kent.
- 1.2 The proposed Thanet Parkway station will address these issues by capitalising on the High Speed 1 services and the Journey Time Improvement (JTI) scheme, which together will bring Thanet to around one hour's journey time of London, thereby improving the perception of East Kent as a place for investment, especially at nearby business parks such as Discovery Park.
- 1.3 The new station will be located on the Ashford International to Ramsgate railway line, south of the Manston Airport site and just to the west of the village of Cliffsend. It will be served by both Mainline and High-Speed trains. It will offer transport links to the surrounding highway network via the A299 Hengist Way as well as offering local connections for pedestrians and cyclists.
- 1.4 The new station is a strategic priority in *Local Transport Plan 4: Delivering Growth without Gridlock (2016 – 2031)* and strongly fits with the objectives of the council's Strategic Statement *Increasing Opportunities, Improving Outcomes (2015-20)*. The project also has support from Thanet District Council and Dover District Council, and features in the *Strategic Economic Plan* produced by the South East Local Enterprise Partnership (SELEP). Additionally, the project aligns with national, regional and local transport objectives.
- 1.5 A previous Key Decision was taken by the Cabinet Member for Environment and Transport on 1 August 2014 (14/00056) which approved taking forward the delivery of Thanet Parkway Station in the location to the west of Cliffsend by:
 - a) Commencing land acquisition work;
 - b) Undertaking public consultations to support the project development process; and
 - c) Undertaking project development work to enable the submission of a planning application and design work for the scheme.

2. Current status of the project

- 2.1 Thanet Parkway Railway station is a complex and multifaceted project including a new station, car park, junction and highway improvements, a pedestrian/cycle link and upgrades to nearby level crossings. The scheme comprises:
 - Two platforms of 252m length and 2.6m width to cater for 12-car, 20.2m rolling stock.
 - Each platform will have lighting columns with CCTV cameras and a public-address system, two customer information displays and one help point, plus shelters.
 - Lifts and stairs up to the platforms.
 - Refurbishment of the existing subway (Petley's Arch), a Public Right of Way, for access between platforms

- A car park for 299 cars, plus an additional 20 bays for pick-up/drop-off and taxi parking. The car park includes 16 disabled bays and 19 spaces for electric vehicles. Cycle parking and two bus stops will also be provided.
 - Vehicular access via a new junction on the A299 Hengist Way to a new access road to the station.
 - Pedestrian and cycle access will be provided via Clive Road on a new cycle/pedestrian path.
 - Passive provision for a 12m x 6m standard modular building – Whilst the station has been designed to be unstaffed, should the Train Operating Company choose to, this passive provision would enable the development of a covered waiting area, booking office, staff accommodation and public toilets.
- 2.2 A planning application was submitted in May 2018 based on a design which contained a footbridge as the means of access between the two platforms. Comments received from consultees during the planning consultation made the case that the visual impact of the footbridge structure would be significant given the station is already on an embankment.
- 2.3 In response to these concerns, the design of the station has subsequently been amended to remove the footbridge and utilise an existing subway as a means of accessing the platforms. The new station layout plan and artist's impressions for the scheme are attached as Appendix B.
- 2.4 The new design for the station and car park has been progressed through Network Rail's 'Governance in Railways Investment Projects' (GRIP) Stage 4 (single option development or outline design), with Network Rail sign-off of this stage expected on 22nd November. The equivalent level of outline design has been completed by consultants WSP for the highway junction – which has also been amended in the new application from an all movements junction to a left-in, left-out arrangement.
- 2.5 Further, following a review of risk to the railway, Network Rail have confirmed that upgrades to Cliffsend and Sevenscore level crossings are required to allow Parkway to operate. Whilst the station works are at the GRIP4 stage (outline design), the level crossing works are at GRIP1 (output definition). Network Rail need to be commissioned to progress the level crossing work to GRIP4 to confirm the type of upgrade required and the subsequent cost of the works.
- 2.6 The original planning application has been withdrawn and a new planning application with the revised design has been submitted to Kent County Council (KCC) as the determining authority (due to KCC retaining an interest in the site with the car park) last month (November 2019). A determination is expected in May 2020.
- 2.7 The acquisition of the land had been delayed due to the revisions of the scheme design and construction requiring new access arrangements, however, negotiations are now ongoing to secure the site and draft Heads of Terms have been issued. Land purchase is subject to planning approval and therefore will be completed following planning determination.
- 2.8 With outline design completed, planning submitted, and the land acquisition being progressed, the project is ready to be taken forward to the 'delivery'

phase. This phase will require the procurement of detailed design for both the highways and rail elements of the scheme; and subject to planning approval, completion of the land acquisition and entering into contracts for the build of the infrastructure. A decision is therefore required to permit these activities.

- 2.9 The timing of this decision is critical to the deliverability of the scheme. The project programme is constrained by the Local Growth Fund (LGF) funding which needs to be spent (or committed to be spent) by the end of the Growth Deal period (31st March 2021). In order to meet this deadline, KCC will need to procure the design and delivery of the project by the end of February 2020 at the latest.

3. Financial implications

- 3.1 A revised cost estimate for the scheme was produced in September 2019. This was based on a GRIP4 estimate of the station and car park works from Network Rail, a pre-GRIP estimate of the level crossing works by Network Rail and a revised cost estimate by highways cost consultants for the junction and archaeological mitigation works. Costs for a car park being delivered by a highways contractor were also requested to enable a cost comparison against Network Rail's estimate.

- 3.2 The current total cost estimate for the scheme is £34.51m comprising:

- 3.2.1 £19.99m for the station and car park (at 80% probability and inclusive of 11% contingency);
- 3.2.2 £10.20m for the level crossing upgrades (at 10% probability and inclusive of 57% contingency – this level of contingency is standard industry practice with work at GRIP1 stage);
- 3.2.3 £4.14m for other costs including the highway junction works, archaeological mitigation works, land purchase, planning costs, legal costs and fees. This figure is inclusive of spend to date of project development work (design and planning).

- 3.3 The funding secured to date to deliver the station is comprised of:

- 3.3.1 £2.65m KCC capital contribution, which was previously agreed under decision 14/00056 and has been used to develop the project to date;
- 3.3.2 £14m from the Local Growth Fund (LGF) (administered by the South East Local Enterprise Partnership (SELEP));
- 3.3.3 £2m from Thanet District Council; and
- 3.3.4 £0.7m from the East Kent Spatial Development Company.

- 3.4 With the funding secured to date, the project requires a further £15.16m if it is to be delivered. Unless this full funding cost is met, KCC will not be able to continue to progress the project, given the need to procure the project by February 2020 and prior to that, securing an in-principle confirmation of the SELEP funding of £14m. In taking the proposed decision, Cabinet will commit KCC to fund the funding gap of £15.16m, whilst continuing to explore external funding opportunities.

- 3.5 This commitment will be key to enabling KCC to draw down the £14 million of LGF money from SELEP, for which KCC is required to demonstrate to the SELEP Accountability Board in February that a complete funding package is in place for the scheme. As the scheme estimate has increased, a final gate review of the business case by the SELEP Independent Technical Evaluator (ITE) is also required. This gate review will be completed in January 2020 ahead of final approval at the SELEP Accountability Board on 14th February 2020.
- 3.6 The project business case has been updated following the revised project estimate and still demonstrates very high value for money in the Value for Money (VfM) assessment. The station is commercially viable (net fares revenue is in excess of the on-going cost). Depending on the operating model, there is the potential for the station car park to provide a future income to KCC of around £68,000 per year net revenue based on a £3.50 per day charge.
- 3.7 There is no maintenance and operating cost to KCC for the station, as the station will be managed by the Train Operating Company (TOC) under a station lease agreement with Network Rail.
- 3.8 In terms of service provision, the Department for Transport (DfT) require the promotor to demonstrate that the proposed train service covers its net operating cost from newly generated revenue. Where there is a shortfall the scheme promotor (KCC) must fund the net shortfall for the first three years, after which the service must cover net operating costs from newly generated revenue. The business case demonstrates that from opening year the estimated annual revenue from newly generated fares is expected to be £578,000 (discounted to a 'present value year' of 2010) which will exceed the £139,190 (at 2018 prices) estimated annual operating cost of the station. The risk that this KCC revenue commitment materialises is therefore low and will be limited to £139,190 (at 2018 prices) per annum for three years. However, should the passenger demand for the station not materialise, KCC will need to revenue fund up to this amount (£139,190 at 2018 prices) per year for the first three years after the station opens.
- 3.9 KCC will maintain ownership of the car park retaining responsibility for its operation and maintenance. Demand modelling undertaken indicates that the income from the car park will be sufficient to cover the cost of operation and maintenance. Should actual demand for the station not reach the modelled demand, then there will be a revenue requirement that KCC will need to meet. The business case shows car park income in year 1 equates to £168,000 (discounted to a 'present value year' of 2010) which exceeds the £84,240 (at 2018 prices) per annum operating cost. The likelihood of this risk materialising is therefore low and will be limited to £84,240 (2018 prices) per annum. However, should the demand for the car park not materialise, KCC will need to revenue fund up to this amount (£84,240 at 2018 prices) per year.
- 3.10 As the scheme enters the detailed design phase, there is a potential risk of cost escalation given the GRIP4 estimates are based on a probability of 80%. Brexit may also result in increased costs due to contractor and or materials availability. To mitigate, the project cost estimate contains an allowance for contingency (11% on Station and car park works and 57% of level crossings works), and

therefore it is expected that the final cost of the scheme will reduce below the current estimate. KCC will see its contribution to the funding envelope reduce with any reduction in the realised scheme costs, however, cost escalation will need to be met by KCC should it occur. All other potential external funding opportunities will also continue to be explored to reduce KCC's contribution to the scheme.

4. Risks

4.1 The LGF funding (£14m) is required to be spent by March 2021, although project completion is scheduled for December 2022 (Financial year 2022/2023). A revised spend profile for the scheme is required following the revised cost estimate, however, it is anticipated that £9.3m of LGF money can be spent prior to the March 2021 deadline, with the remaining £4.7m to be spent the following year. SELEP have set out five conditions to be satisfied to allow spend beyond the March 2021 deadline, to which KCC will demonstrate compliance:

- 4.1.1 A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
- 4.1.2 A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
- 4.1.3 All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal;
- 4.1.4 Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021; and;
- 4.1.5 Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project.

5. Next steps

5.1 In order to progress the scheme, the project team intend to commission Network Rail to undertake GRIP1-4 for the level crossings, a detailed design and subsequent build of the station and car park (GRIP5-8) and commission detailed design for the highway junction works, followed by the award of a build contract.

5.2 The proposed decision (Appendix A) asks Cabinet to agree to progress and deliver the Thanet Parkway Railway Station project (up to a total KCC contribution of £17.81m), which will include:

- a) undertaking detailed design; and subject to planning approval;
- b) completing acquisition of the land; and
- c) entering into contracts as necessary for construction.

5.3 The proposed Cabinet decision also asks that authority is delegated to the Corporate Director of Growth, Environment & Transport, in consultation with the Cabinet Member for Highways and Transport, to take appropriate actions necessary to implement this decision, including but not limited to, deciding the preferred procurement route and entering in relevant contracts (of which KCC's contribution is to the maximum value of £17.81m) or other legal agreements.

6. Legal implications

- 6.1 Invicta Law is providing advice and the land acquisition will be completed by KCC Infrastructure. Any further legal implications to be established through continued engagement with Invicta Law Ltd and Strategic Commissioning.

7. Equalities implications

- 7.1 The Equalities Impact Assessment (EqIA) is attached at Appendix C.
- 7.2 A non-statutory pre-planning consultation was held from January to March 2017. As part of the consultation questionnaire, respondents were asked about their views on the EqIA and the proposals for the station. Following the changes to the design from footbridge to subway, a number of representative groups were contacted in March 2019 for their views on the use of subways at stations. These views are being considered as part of the design process as the station progresses.

8. Data Protection implications

- 8.1 A Data Protection Impact Assessment is not required as this project does not require the processing of personal data.

9. Other corporate implications

- 9.1 Following delivery of the scheme, the KCC Corporate Landlord will retain ownership of the car park, retaining responsibility for its operation and maintenance.

10. Governance

- 10.1 The Executive Scheme of Delegation for Officers set out in Appendix 2 Part 4 of the Constitution (and the directorate schemes of sub-delegation made thereunder) provides the governance pathway for the implementation of this decision by officers. It specifies at 1.9 of the scheme that once a Member-level decision has been taken, the implementation of that decision will normally be delegated to officers.
- 10.2 In this instance, the Corporate Director Growth Environment and Transport is the lead officer seeking to ensure that all such steps as are necessary to implement the decision are undertaken.
- 10.3 The project is also governed by a number of groups and boards to ensure oversight and stakeholder input. The Project Review Board chaired by Network Rail meets monthly and consists of KCC officers and the Train Operating Company (Southeastern). An internal KCC officer Project Board meets quarterly (or more often as required). Written updates are provided to external stakeholders Thanet District Council and Dover District Council. As part of the LGF governance process, monthly Programme Boards are held that receive project updates and collate a highlight report. This then informs the monthly Sponsoring Group meetings. Sponsoring Group consists of the Corporate

Director Growth Environment & Transport, Head of Finance, Director Environment, Planning & Enforcement, Director Highways, Transportation & Waste, Transportation Head of Service and the Major Capital Programme Manager. This meeting discusses high-level programme and financial progress.

11. Conclusions

11.1 A decision is needed to enable KCC to progress the delivery of Thanet Parkway Railway Station through detailed design and construction, subject to planning approval. The project has made significant progress through feasibility and into outline design, but now requires a formal decision to allow it to proceed through detailed design to station delivery and ultimately entry into service.

12. Recommendation

12.1 Cabinet is asked to take the decision (as attached decision sheet at Appendix A) to:

1) agree to progress and deliver the Thanet Parkway Railway Station project (up to a total KCC contribution of £17.81m), which will include the following key activities;

- a) undertaking detailed design; and subject to planning approval;
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2) delegate authority to the Corporate Director of Growth, Environment & Transport, in consultation with the Cabinet Member for Highways and Transport, to take appropriate actions necessary to implement this decision, including but not limited to, deciding the preferred procurement route and entering in relevant contracts (of which KCC's contribution is to the maximum value of £17.81m) or other legal agreements.

13. Background Documents

Appendix A: Proposed Record of Decision

Appendix B: Station layout plan and artist's impressions

Appendix C: Equalities Impact Assessment (EqIA)

14. Contact Details

Report Author: Joseph Ratcliffe, Transport Strategy Manager 03000 413445 joseph.ratcliffe@kent.gov.uk	Relevant Director: Katie Stewart, Director Environment, Planning and Enforcement 03000 418827 katie.stewart@kent.gov.uk
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