

Report to Accountability Board	Forward Plan reference number: FP/AB/148
Date of Accountability Board Meeting:	27th April 2018
Date of report:	18th April 2018
Title of report:	Dartford Town Centre Improvements LGF Funding Decision
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1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Dartford Town Centre Improvements (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £4.3m Local Growth Fund (LGF) to be devolved to Kent County Council.
- 1.2 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

2. Recommendations

- 2.1 The Board is asked to agree one of the following two options:
 - 2.1.1 **Option 1: Approve** the award of £4.3m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with low certainty of achieving this.
 - 2.1.2 **Option 2: Defer** the funding decision for the Project until further evidence is provided to increase the certainty of the value for money assessment.

3. Dartford Town Centre Improvements

- 3.1 LGF is sought to support the delivery of a wider programme of work aimed at improving the economic performance of Dartford Town Centre through public sector funding of transport/public realm improvements, including improved walking and cycling routes into the town centre as well as improved public spaces and pedestrian movement space once in the town centre.
- 3.2 The Project comprises of the following elements:

- 3.2.1 Market Street - the creation of a civic space linking the High Street with Central Park, the Acacia complex and a mixed use development to the south of the town centre;
- 3.2.2 Hythe Street between High Street and Westgate Road - improving pedestrian and cycle space and streetscape alongside a mixed use development opportunity site which links the High Street with bus and rail services and Prospect Place shopping complex; and
- 3.2.3 Junction improvements re-balancing highway capacity for all users including pedestrians, cyclists, buses and general motorised transport and associated public realm improvements at:
- Hythe Street, Westgate Road and Home Gardens
 - East Hill, Overy Liberty with Home Gardens
 - Lowfield Street with Instone Road (enabling two way flows on Instone Road)
 - Highfield Road with Instone Road (enabling two way flows on Highfield Road and Instone Road) ; and
 - West Hill with Highfield Road (enabling two way flows on Highfield Road)
- 3.3 The Project will improve connectivity between the residential areas and the town centre and improve connectivity and walkability within the town centre itself. It will result in generally improved access into the town by sustainable modes of transport. The environment of the town centre will be improved through the creation of attractive public space, which may be used for a variety of purposes, and reduce the negative effects of traffic in the centre by reducing and slowing down vehicles.
- 3.4 The aim is to encourage increased footfall in the town centre leading to economic benefits and regeneration of the town centre as a result. The improvements to be funded through an LGF award to the Project will also encourage and complement private sector investment in the town centre.
- 3.5 The Project is expected to achieve the following objectives:
- 3.5.1 Improve connectivity, ease and safety of walking and cycling between the town centre and residential areas and within the town centre itself;
- 3.5.2 Improving the attractiveness, ease of use and safety for pedestrians of getting around on foot within the town centre;
- 3.5.3 Simplify bus stop locations and improve connectivity between bus stops and the heart of the town centre
- 3.5.4 Create public spaces that have multi-functional uses and act as attractors into the town
- 3.5.5 Maximise opportunities for synergies between town centre development and the public realm improvements

4. Stakeholder Engagement

- 4.1 There has been continued engagement throughout the development of the Project, including discussions with key land owners, investors and the public.
- 4.2 An initial round of Stakeholder workshops were carried out in 2015 and 2016 to help identify the issues and to comment on the emerging proposals. Key stakeholder involved in these workshops included businesses, Kent County Council (highway authority), transport operators and statutory authorities.
- 4.3 The feedback from the consultation includes the following views:
 - 4.3.1 Perception of Dartford is poor, therefore the strategy for the town centre needs to work hand-in-hand with branding efforts to remedy this and improve investment opportunities;
 - 4.3.2 Public realm improvement (paving material, active spaces, street furniture) is vital to improving environment and perception;
 - 4.3.3 There is a need for a joined up approach to regeneration to tackle piecemeal and disjointed action throughout town;
 - 4.3.4 Ensure that all development and interventions are considered as a whole and principles of delivery are clear; and
 - 4.3.5 There is an aspiration to create legible and attractive pedestrian and cycle routes throughout town
- 4.4 Further public consultation and engagement is currently underway. Exhibition on the town centre proposals were held for 6 days from 1st March 2018. This provided material on the proposed Project, as well as consultation on the wider principles for town centre improvement. The consultation is still open to online feedback. However, the following outputs can be reported at this stage:
 - 1,344 people attended the exhibition
 - Verbal feedback on the Market St improvements was a 96% (275 respondents) positive response and a 4% (12 respondents) negative response
 - Of the questionnaire responses received so far, 94% strongly support or support the scheme
- 4.5 The key issue raised through the consultation was that the relocated bus stops needed to have convenient access to the core shopping area. The locations of the bus stops are therefore being considered as part of finalising the design.
- 4.6 Further to the public consultation, a number of stakeholder consultation and engagement events have been scheduled, through which specific details of the scheme will be presented to key stakeholders, businesses and residents. The feedback from these events will be used to inform and develop the scheme details, mitigating concerns and taking on board suggestions for improvement.

- 4.7 The emerging plans are also being shared with retailers in the town centre through the quarterly Town Centre Partnership Board (the Partnership Board). The membership of the Partnership Board includes representatives from the three purpose built shopping centres in the town, which comprise a high proportion of the overall shopping space. The response to the proposals has been positive throughout.
- 4.8 The view expressed through the Partnership Board is that the town centre public realm/environment requires improvement, in order to attract retailers into the centre. Specifically, the Partnership Board has been very supportive of the Market Street proposals as they see the appearance of the town centre as critical to attracting occupiers to the purpose-built shopping centres and, more widely, attracting customers to the town.

5. Project Funding

- 5.1 The Project funding breakdown comprises a £4.3m LGF contribution and a £7.7m contribution from Homes England (formerly the Homes and Communities Agency), with a total Project cost of £12m.
- 5.2 The Homes England funding contribution to the Project is part of the wider Kent Thameside Strategic Infrastructure Programme, for which Kent County Council is the Accountable Body. The profile of this funding breakdown is set out in Table 1 below.
- 5.3 The Homes England funding contribution to the Project has been secured and is currently held by Kent County Council.

Table 1 Dartford Town Centre Improvements Project (£)

	2018/19	2019/20	2020/21	2021/22	Total
SELEP LGF sought	3,551,000	570,000	179,000		4,300,000
Homes England	1,440,605	3,847,000	1,915,395	497,000	7,700,000
Total funding requirement	4,991,605	4,417,000	2,094,395	497,000	12,000,000

6. Outcome of ITE Review

- 6.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high to value for money but with low certainty of achieving this.
- 6.2 The ITE review confirms that there is a well-articulated need for the intervention focused on catering for an increased population and the need to

stimulate retailer's interest in locating in the town centre, with the aim of reversing the longer period of decline.

- 6.3 The economic appraisal has evidenced a Benefit Cost Ratio (BCR) of 2.2:1. This BCR has been calculated following the Department for Transport Active Mode Toolkit guidance. However, the review of the Business Case has highlighted uncertainty in the economic appraisal due to gaps in the evidence to support key assumptions. For example, the analysis has assumed that the rental income will increase by 25%. However, this assumption has not been evidence based and if the rental uplift fell below this value then the Project may no longer demonstrate high value for money.
- 6.4 The disbenefits of the Project in slowing vehicle traffic to prioritise pedestrian/ cyclist trips have also not been taken into account within the economic appraisal.
- 6.1 There are, however, areas of the appraisal where the benefits may have been understated. Whilst scheme promoters are required to consider the impact of 'leakage and displacement' on the expected scheme benefits, this has been assumed at 50%. This is higher than the value normally assumed within SELEP LGF Business Cases and as a result, will decrease the benefits included within the BCR value, unless there is a specific reason why a higher value for leakage and displacement has been applied for the Project.
- 6.2 Owing to this uncertainty around the estimated BCR value for the Project, two options have been included in the recommendations section of this report. The first option is for the approval of the LGF award to the Project, based on the high value for money but low certainty of high value for money being achieved (Option 1).
- 6.3 The alternative option (Option 2) is for the Board to consider deferring the decision of the award of funding until further evidence is provided to improve the robustness of the value for money assessment. However, if the Board agree Option 2, then this may have a negative impact in delaying the delivery of the Project and then spend of the LGF contribution to the Project.
- 6.4 Should the Board agree Option 1, for the award of £4.3m LGF to the Project, it is expected that the potential disbenefits of the Project to vehicle traffic will be considered as part of the detailed design and delivery of the Project. In addition, to help manage the Projects value for money risk, if there are any changes to the Project scope or the benefits which are expected to be delivered through the Project which may impact on the Projects value for money case then a further review of the Business Case may be required.

7. Compliance with SELEP Assurance Framework

- 7.1 Table 2 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.

7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 2 Assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The strategic objectives of the Project are identified, with the strategic context for the project being identified. There is clear reference to the SELEP Strategic Economic Plan and other local and national policy within the Business Case.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The Projects expected outputs and outcomes are set out in Section 3 above. The ITE review confirms that Department for Transport Active Mode Toolkit has been used to inform the economic appraisal and to assess the expected outputs and outcomes of the intervention following WebTAG guidance
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Amber	A risk assessment has been included as part of the Business Case development but a Quantified Risk Assessment has not been developed for the Project.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	BCR is 2.2:1, representing high value for money. However, as detailed in Section 6, there is a low level of certainty as to this value for money category.

8. Financial Implications (Accountable Body comments)

- 8.1 Any funding agreed by the Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2018/19 have been confirmed, however, funding for this Project for future years is only indicative.
- 8.2 All funding decisions made by the Board to approve funding for a specific project or programme must be supported by a robust Business Case that has been independently assessed; the assessment of this Project has highlighted some gaps in the evidence base which means that there is low certainty with regard to the value for money assessment. Approving funding for this project therefore presents a higher risk with regard to securing high value for money and as such any approval should include an expectation of increased monitoring and reporting through delivery and a requirement that the gaps in the business case, in particular, in relation to the lack of a quantified risk assessment, should be addressed through the detailed design of the Project. Should this process indicate additional value for money concerns, then the business case should be reassessed and brought back to the Board for consideration.

9. Legal Implications (Accountable Body comments)

- 9.1 This Project is only part way through conducting its public consultation exercise. Questionnaires responses are still expected to be received, and further Stakeholder engagement is to be undertaken. There is no statutory obligation to consult in this instance. However, where consultation has begun, those responding to the consultation either through questionnaires and future engagement events are entitled to expect their responses to be taken into consideration as part of the decision making process. In this instance this will not be possible if option 1 is approved by the Board, particularly where they are being asked to indicate their support of the scheme, which has already been approved.
- 9.2 The LGF will be transferred to Dartford Borough Council, as the project delivery authority, through a back to back grant agreement between Kent County Council and Dartford Borough Council.

10. Staffing and other resource implications (Accountable Body comments)

- 10.1 None at present.

11. Equality and Diversity implication

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

11.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

12. List of Appendices

12.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

13. List of Background Papers

- Business Case for Dartford Town Centre Project

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee)	19/04/18