

Report title: Thanet Parkway LGF Funding Decision	
Report to Accountability Board on 14th February 2020	
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Date: 24 th January 2020	For: Decision
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SELEP Partner Authority affected: Kent	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £14m Local Growth Fund (LGF) to the Thanet Parkway project (the Project).
- 1.2 In April 2019, the Board approved the award of £14m LGF to support the delivery of the Project, subject to written confirmation from the Kent County Council Section 151 (S151) officer, following completion of the Governance for Rail Investment Projects (GRIP) Stage 4, to confirm:
 - 1.2.1 that the total cost estimate for the Project did not exceed £27.65m; and
 - 1.2.2 that all funding had been secured to enable the delivery of the Project.
- 1.3 In November 2019, the Board were provided with an updated Project cost estimate, based on the GRIP Stage 4 single option development work. This showed an increase to the total Project cost and was accompanied by an amended funding package which met the updated Project cost.
- 1.4 It was noted that a full Business Case was to be considered by the ITE to confirm that the Project continues to present value for money in light of the increase in Project cost, and that the full funding package is in place for the delivery of the Project.
- 1.5 The full Business Case has now been developed and has been considered through the Independent Technical Evaluation (ITE) process. The ITE assessment confirms that the Project presents high value for money with medium certainty of achieving this.

2. Recommendations

- 2.1. The Board is asked to:

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- 2.1.1. **Agree** that the Project satisfies the five conditions agreed by the Board in February 2019 to allow LGF spend beyond the Growth Deal period, subject to:
 - 2.1.1.1. receipt of written confirmation from the Kent County Council S151 officer that all funding has been secured to enable delivery of the Project; and
 - 2.1.1.2. receipt of written confirmation from Kent County Council that planning permission for the Project has been granted. Written confirmation should be provided by 22nd July 2020 at the latest.
- 2.1.2. **Approve** the award of £14m LGF to the delivery of the Project which has been assessed as presenting high value for money with medium certainty of achieving this, subject to the above conditions in 2.1.1 having been met.
- 2.1.3. **Note** the intention for a grant agreement to be put in place for the transfer of the £14m LGF award to the Project.
- 2.1.4. **Note** that no LGF will be transferred to Kent County Council for the delivery of the Project until the conditions set out in 2.1.1. have been satisfied

3. Background

- 3.1. The Project was provisionally allocated a total of £10m LGF through LGF Round 1. This funding was allocated as a contribution towards the cost of delivering a new railway station in Thanet, with the aim of increasing the attractiveness of East Kent to employers, unlocking new economic development opportunities and improving accessibility and employment opportunities in the Thanet area.
- 3.2. In March 2019, the Investment Panel agreed the prioritisation of the Project for receipt of a further provisional allocation of £4m LGF funding, increasing the total provisional LGF allocation to £14m.
- 3.3. The Project has previously been unable to draw down on the LGF allocation to the Project due to a substantial funding gap. Work has been ongoing to bridge this funding gap and further local funding contributions have been secured to support the delivery of the Project, as detailed in section 8 below.

4. Context

- 4.1. The East Kent area suffers from a higher level of deprivation when compared with West Kent and South East England as a whole, with Thanet being ranked as the most deprived local authority in Kent.

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- 4.2. Poor accessibility is one of the key factors that has discouraged major employers from locating in the area, which serves to undermine regeneration and has limited the employment catchment area for local residents.
- 4.3. The journey time from London makes Thanet unattractive for potential employers as the ability for business travellers to be able to get a train from close to their place of work to/from London is important in business location decisions. Thanet has historically performed poorly as it is 'at the end of the line' from London and requires a commute of over one hour to/from London.
- 4.4. In addition, the Thanet area has a lower representation of residents with higher skills levels, which has constrained economic growth. Both of these factors need to be addressed in order to boost economic growth in Thanet and the wider East Kent area.
- 4.5. The provision of the new Thanet Parkway station will reduce the journey time between central London and Thanet to around one hour. Thereby improving the attractiveness of the area to businesses and increasing the employment catchment area for Thanet residents. In addition, the new station will offer greater opportunity to access London via High Speed 1, and will therefore improve access to employment in Canterbury, Ashford and the rest of Kent.
- 4.6. As a result of the improved rail services to London, it is expected that the development of the Thanet Parkway station will stimulate the construction of additional housing in the area. This housing is expected to attract higher skilled residents to the area, as a result of the improved journey times.
- 4.7. Alongside construction of the new station, steps are being taken to ensure that the station will offer good accessibility by car through provision of 299 onsite parking spaces and direct access from the A299, meaning that unnecessary journeys into town centres to use existing stations can be avoided, in turn offering better accessibility to existing stations for local residents. In addition, steps are being taken to ensure that all major employment and potential housing development sites in the area offer easy access to the station encouraging development in the area.

5. Thanet Parkway (the Project)

- 5.1. The proposed new railway station will be located approximately 2 miles west of Ramsgate on the Ashford International to Ramsgate line, south of the Manston Airport site and just to the west of the village of Cliffsend, as shown in Figure 1. This location is considered to be the most suitable as it will improve rail access to both Thanet and the north of Dover district. In addition, a station in this location will be served by High Speed 1 and would offer a journey time to London of around one hour.
- 5.2. The proposed station will provide the following:

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- 5.2.1. two platforms suitable for use by 12 carriage trains;
 - 5.2.2. lighting columns on each platform that host CCTV cameras and public address speakers;
 - 5.2.3. two customer information displays and one passenger help point;
 - 5.2.4. passenger shelters to provide weather protection;
 - 5.2.5. lifts, stairs and a refurbished existing underpass for movement between platforms (which also improves an existing Public Right of Way);
 - 5.2.6. a forecourt with two ticket vending machines, shelters and bus passenger information;
 - 5.2.7. a set down area for two buses, taxis and passenger drop off (20 short stay bays), together with staff parking; and
 - 5.2.8. parking for 299 cars including 16 disabled bays and 19 spaces with electric vehicle charging points, motorcycles spaces and 40 pedal cycle parking spaces.
- 5.3. In addition, a new direct access road will be provided to encourage use of the station. Pedestrian and cycle access will also be provided from Cliffsend village ensuring sustainable access to the station.
- 5.4. The station will provide improved accessibility to key employment sites, whilst also unlocking new economic development and residential opportunities in the Thanet area.

Figure 1 – Thanet Parkway Station Location



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- 5.5. It is estimated that delivery of the Project will lead to the creation of an additional 400 to 800 jobs over a 30-year period from station opening, as well as development of 1,600 to 3,200 additional homes over the same period. These outcomes will be driven by improved accessibility both to existing key employment sites and to potential housing and commercial development sites, as well as more desirable commuting times to London.
- 5.6. The intended benefits of the Project include:
 - 5.6.1. Accelerating the pace of housing delivery in Thanet;
 - 5.6.2. Positively contributing to economic growth by attracting higher skilled workers to the area;
 - 5.6.3. Stimulating the creation of additional jobs by encouraging business location and expansion decisions based on the existence of the new station and journey times to London of around 1 hour;
 - 5.6.4. Generating over 50,000 new rail journeys from first full operational year (2023) reducing reliance on less sustainable modes of travel;
 - 5.6.5. Provision of improved rail access from Thanet to London, offering a reduced travel time of approximately one hour;
 - 5.6.6. Providing commuters with alternative access to the area of journeys that might otherwise be made on the local and strategic highway network, thereby contributing to a reduction in congestion; and
 - 5.6.7. Providing sustainable access options to the station, including provision for Electric Vehicles, pedal cyclists, pedestrians and bus users.
- 5.7. An updated Planning Application and Environmental Impact Assessment were submitted in November 2019. This application reflected the updated project design, following consideration of responses received in relation to the statutory consultation carried out following submission of the original planning application in May 2018. It is anticipated that the updated planning application will be determined in May 2020, however, there is a risk that determination may be delayed until July 2020.
- 5.8. Given that planning permission has not yet been secured for the Project, there remains a risk to deliverability. Any LGF funding award to the Project will be subject to planning consent being granted, with the LGF funding not available for drawdown until written confirmation has been provided by Kent County Council that planning permission has been secured.
- 5.9. Should the determination of the planning application be delayed until July 2020, this may result in a slight delay to the commencement of the onsite junction works. However, this will not impact on the delivery programme for the station itself as a temporary access is planned to allow these works to progress.
- 5.10. In order to deliver the station in the chosen location, Kent County Council need to acquire the land. Negotiations with the current landowner are ongoing and land acquisition is expected to be complete by July 2020.

6. Options

6.1. Through the development of the Project, consideration has been given to the different options available. These options are considered within the Business Case.

6.2. Six options were initially identified in order to provide better connectivity between the sites planned for development in East Kent and London and the wider Kent area. An iterative process was used to arrive at a preferred option which achieves value for money and delivers the identified objectives.

6.3. The six options identified were:

6.3.1. Deliver a new 'Thanet Parkway' railway station (preferred option) – this option represents the Project detailed in this report;

6.3.2. Increase car parking provision at Ramsgate Station – Ramsgate Station only has a small car park with 44 spaces and as a result commuters park in surrounding residential streets, which causes a nuisance to local residents and limits the accessibility of rail commuting for additional commuters who cannot park there. In addition, due to the limited availability of parking at the station the amount of time needed to drive to the station is unpredictable and creates poor journey time reliability. Provision of additional parking would help to address these issues.

This option was ruled out due to the lack of available land in the residential area around the station.

6.3.3. Increase parking provision at Minster Station – parking provision at Minster Station is currently limited to 20 spaces, with any additional cars being parked in nearby residential streets. Provision of an increased number of parking spaces would make the station accessible to a greater number of potential commuters.

This option was ruled out due to the local highway network being unsuitable for increased levels of traffic, alongside concerns regarding the impact on Minster village. Furthermore, there is a limited train service at Minster Station which would limit the benefits realised by the improvements.

6.3.4. Shuttle bus from Birchington-On-Sea Station – the shuttle bus would be used to serve the Manston Airport site and other commercial development sites, such as Discovery Park and Manston Business Park. Birchington-On-Sea Station would be marketed as the railway station to serve these destinations. Whilst this option would have offered improved accessibility to key employment sites, it was ruled out due to unattractive shuttle bus journey times and a lack of rail

connectivity to Ashford, Canterbury and Maidstone, coupled with a long journey time to London.

- 6.3.5. Direct coach service from London – the provision of a direct coach service between London and the Manston Airport/Discovery Park sites was considered. Whilst this option would have provided a direct link between London and key employment sites in Thanet, it would have resulted in long, often unpredictable, journey times. In addition, this option would only provide a direct link between London and Thanet and would therefore not have served the population in the wider Kent area. It was considered that this option would have a low impact on economic growth in the area and it was therefore ruled out.
- 6.3.6. Shuttle bus from Ramsgate Station – the shuttle bus would be used to serve the Manston Airport site and commercial development sites, including Discovery Park. Ramsgate Station would be marketed as the railway station to serve these destinations. Whilst this option would have offered improved accessibility to key employment sites, it was ruled out due to the lack of a suitable terminus at Ramsgate station, which could not be rectified without substantial refurbishment work. It was also considered that this option did not have the potential to have a significant impact on economic growth in the area.
- 6.4. After analysis of each of the options, options 1 and 2 were shortlisted for further investigation. While the other options would be less expensive, and potentially quicker to deliver, they were not expected to deliver the overall objectives of supporting the growth of the East Kent economy and increasing employment opportunities.
- 6.5. Following further investigation, the decision was taken to discount option 2 due to the unavailability of land to provide additional car parking facilities at Ramsgate Station.
- 6.6. This resulted in option 1 being identified as the preferred option. It is considered that the delivery of Thanet Parkway station is the most appropriate option to achieve Kent County Council's strategic aspirations for East Kent.
- 6.7. This option is viewed by Kent County Council as the preferred option in enhancing the attractiveness of East Kent for investment and a high impact on growth. Thanet Parkway will also provide increased station capacity to support the development of housing and commercial growth in the area.

7. Public consultation and engagement

- 7.1. In 2015, Kent County Council undertook an initial public consultation exercise on the high-level design, impacts and benefits of the Project. This consultation consisted of seven events across East Kent, which were supported by a range

of consultation documents. A total of 529 responses were received, with the Project generally being well received. The outcome of the consultation was used to shape the final scheme design, planning application and Environmental Impact Assessment work.

- 7.2. In early 2017 a second eight-week public consultation exercise was undertaken to inform the planning application. The responses to this consultation were fully considered by Kent County Council through their own governance process as part of taking this Project forward.
- 7.3. Following this public consultation exercise the planning application was submitted in May 2018 and the required statutory consultation was undertaken. This consultation generated a range of responses from local residents and statutory bodies. These responses were considered and lead to the project undergoing further design work. This resulted in a new planning application being submitted in November 2019 which required a further period of statutory consultation.
- 7.4. Whilst the project was undergoing further design work representative groups (such as the East Kent Association for the Blind) were contacted and asked to provide some input into the design.
- 7.5. In October 2019, Kent County Council officers attended a public meeting on Thanet Parkway, at the request of the Cliffsend Parish Council on 10th October 2019.
- 7.6. Kent County Council appreciates the importance of engaging with key stakeholders to gain feedback on scheme proposals, and is committed to incorporating the views of those with an interest in the Project. To this end, a survey was undertaken in January 2020 to capture public opinion in the catchment area of the proposed station in order to determine whether local residents supported the development of the Project. The results of this survey were provided to Kent County Council Cabinet on 27th January 2020 to help inform their decision regarding committing the funding required to enable the Project to progress.

8. Project Cost and Funding

- 8.1. The total capital cost of the Project cost is now calculated to be £34.51m, as set out in Table 1 below.
- 8.2. Network Rail have indicated that, based on the current forecast vehicular flows and changes to the barrier down time of the adjacent level crossings due to trains stopping at the new station, some upgrade work is required to the level crossings at Cliffsend and Sevenscore. The exact specification of the works will need to be approved by Network Rail as part of the GRIP process.

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- 8.3. The cost allowance provided by Network Rail is £10.2m for these upgrade works which has been included within the total project cost. The costs of other aspects of the Project have reduced through the GRIP Stage 4 process.
- 8.4. The Project funding package includes funding contributions from the following sources:
 - 8.4.1. £14m LGF allocation (£10m from Round 1 and £4m from LGF3b) – considered in this report;
 - 8.4.2. £2m from Thanet District Council - A funding agreement is currently being drafted between Thanet District Council and Kent County Council in relation to this funding allocation. Subject to completion of the agreement, this funding is secure; and
 - 8.4.3. £700,000 from East Kent Spatial Development Company – this funding has been secured.
 - 8.4.4. The remaining funding (£17.81m) has been committed by Kent County Council, whilst they continue to explore further external funding opportunities.
- 8.5. The contribution from Kent County Council is made up of three different funding allocations consisting of:
 - 8.5.1. £2.65m which has been identified and allocated within Kent County Council's Medium-Term Financial Plan. This funding is therefore secure;
 - 8.5.2. £4.3m which has been allocated in Kent County Council's Capital Investment Plan as underwriting if the funding is needed. This allocation was agreed at the County Council Budget meeting on 14th February 2019.
 - 8.5.3. The remaining funding, up to £10.86m, required to bridge any remaining funding gap was agreed by Kent County Council Cabinet on 27th January 2020. This will be funded through an additional allocation in the Council's Capital Investment Plan, which will be agreed at a budget meeting on 13th February 2020, and other measures such as a loan taken out against income from the station car park and business rates retention. Kent County Council will continue to explore all possible additional external funding opportunities. Efforts will also be made to reduce the cost of the scheme, especially the level crossing works through reduction of the contingency which is still at a high level due to the current stage of design.
- 8.6. The funding profile for the Project following completion of the GRIP4 process is set out in Table 1.

Table 1 – Thanet Parkway Funding Profile (£)

	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
SELEP LGF				£9.275m	£4.725m		£14.000m
Kent County Council	£0.940m	£0.519m	£0.850m		£13.000m	£2.504m	£17.813m
Thanet District Council					£2.000m		£2.000m
East Kent Spatial Development Company					£0.700m		£0.700m
Total	£0.940m	£0.519m	£0.850m	£9.275m	£20.425m	£2.504m	£34.513m

8.7. As set out in section 5.7 of this report, it is expected that the planning application will be determined in May 2020. However, there is a risk that determination may be delayed until July 2020. Should this risk be realised, this may lead to a slight delay in the commencement of the onsite junction works. However, this delay will not impact on the delivery programme for the station itself as a temporary access is planned to allow these works to progress. As a result, it is not anticipated that there will be any significant change to the amount of LGF spent beyond the end of the Growth Deal period should the planning application not be determined until July 2020.

9. Project spend beyond the Growth Deal period

9.1. Works are expected to commence on site in November 2020, subject to the full funding package being confirmed (as set out in this report), planning consent being granted and the successful acquisition of the required land. As a result, spend of the LGF allocation to the Project will extend beyond the end of the Growth Deal period as set out in Table 1 above.

9.2. The issue of slippage beyond the Growth Deal period has been raised with Central Government on a number of occasions. The Ministry of Housing, Communities and Local Government (MHCLG) has been unable to formally confirm its' position in relation to the impact of LGF funding being spent beyond the Growth Deal period.

9.3. In February 2019, MHCLG informally advised the Board that Government would potentially have concerns about LGF funding being spent beyond the Growth Deal period, on projects which were not already progressing onsite on the 31st March 2021. However, MHCLG also noted that if SELEP could provide strong justification for supporting LGF spend beyond the end of the

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Growth Deal period, then there is nothing in the grant conditions to prohibit this.

9.4. Taking this informal advice into account, on 15th February 2019 the Board agreed that LGF spend could continue beyond the end of the Growth Deal period for certain projects, on an exceptional basis, subject to five conditions being satisfied.

9.5. Kent County Council have provided justification as to how the Project meets these five conditions as set out below

9.5.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Accountability Board

The Full Business Case sets out the key milestones within the project programme as determined at GRIP stage 4, as set out in Table 2. It is noted that the construction programme will be further developed during GRIP stage 5 (Detailed Design).

Table 2: Key milestones within the Project programme

Milestone	Start	Finish	Complete
GRIP 2 Sign Off	08/11/2014	08/11/2014	Complete
GRIP 3 Sign Off	17/08/2017	17/08/2017	Complete
Revised Planning Application Submission	15/11/2019	15/11/2019	Complete
KCC Cabinet – Key decision on scheme	27/01/2020	27/01/2020	Complete
GRIP 4 Sign Off	14/10/2018	13/02/2020	
KCC Full Council – Council Budget Approval	13/02/2020	13/02/2020	
SELEP Accountability Board	14/02/2020	14/02/2020	
GRIP 5 to 8 Implementation Agreement signed	31/12/2019	13/03/2020	
Planning Determination	15/11/2019	13/05/2020*	
Land Acquisition Complete	02/09/2019	30/07/2020	
GRIP 5 Sign Off	13/03/2019	04/12/2020	
GRIP 6 Advanced Works	19/09/2020	01/02/2021	
Junction construction (works onsite)	03/11/2020	19/04/2021	
GRIP 6 Implementation (works onsite)	01/02/2021	22/05/2022	
Station Constructed and Commissioned	22/05/2022	22/05/2022	
GRIP 7 Project Hand back	22/05/2022	09/11/2022	
Station in operational service	09/11/2022	30/12/2022	

* There is a risk that planning determination may be delayed until July 2020

The stated milestones assume that Network Rail will be procured to undertake the delivery of the station and car park works, with the junction works being delivered through Kent County Council's Major

Capital Programme Team. It is expected that the onsite works will be completed on 22nd May 2022.

The station can only enter into service in May or December so as to coincide with timetable changes, and it is therefore expected that the station will open in December 2022.

9.5.2. A direct link to the delivery of jobs, houses or improved skills levels within the SELEP area

As set out in the Full Business Case, a number of the Project objectives relate to the delivery of jobs, homes and improved skills levels; including:

- Accelerate the pace of housing delivery in Thanet;
- Positively contribute to economic growth by attracting higher skilled workers to the area; and
- Stimulate the creation of additional jobs by encouraging business location and expansion decisions based on the existence of the new station and journey times to London of around one hour.

It is estimated that the delivery of the project will lead to the creation of an additional 400 to 800 jobs over a 30-year period from station opening, as well as development of 1,600 to 3,200 additional homes over the same period. These outcomes will be driven by improved accessibility both to existing key employment sites and to potential housing and commercial development sites, as well as more desirable commuting times to London.

9.5.3. All funding sources identified to enable the delivery of the Project. Written commitments 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 period

The funding package is set out in the Full Business Case and is detailed in Table 3 below.

Table 3: Funding package for the Thanet Parkway Project

Source	Amount (£m)
SELEP LGF	14.000
Kent County Council	17.813
Thanet District Council	2.000
East Kent Spatial	0.700
Total	34.513

The £17.81m contribution from Kent County Council was considered by their Cabinet on 27th January 2020 and the decision was made to

commit to providing this funding, whilst continuing to explore all further potential external funding opportunities.

Following the Cabinet decision, a Kent County Council Budget meeting is due to be held on 13th February 2020. Once this meeting has been held a S151 officer letter will be provided which confirms Kent County Council's financial commitment.

In addition to the £2m that Thanet District Council have committed towards the Project, they have successfully bid for £0.7m from the East Kent Spatial Development Company. A Funding Agreement between Kent County Council and Thanet District Council is being finalised.

The S151 Officer letter will reaffirm the financial commitment of Thanet District Council to the scheme and will provide further evidence of this commitment.

9.5.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the Project beyond 31st March 2021

At their meeting on 31st January 2020, the SELEP Strategic Board considered a report which set out forecast LGF spend beyond the Growth Deal Period. The report identified 5 projects, including Thanet Parkway, which will need to spend LGF beyond 31st March 2021 to facilitate project delivery.

Following a discussion, the SELEP Strategic Board endorsed LGF spend beyond the Growth Deal Period for the Project, subject to Board agreement that the Project satisfies the five conditions identified in February 2019 as set out in this report.

9.5.5. Contractual commitments being in place with the construction contractors by 31st March 2021 for the delivery of the Project

The Project has two separate construction elements:

- Highway works – junction construction
- Station construction and car park works

In order to minimise rail industry systemic risk, Kent County Council intend to directly procure the services of Network Rail for GRIP stages 5 to 8 (detailed design through to the station entering use) for the station construction and car park works.

An Implementation Agreement will be signed between Kent County Council and Network Rail which will cover the detailed design, construction and commissioning of the station and the design and construction of the car park. The agreement will be subject to planning approval, but otherwise will commit Kent County Council and Network Rail to delivering the Project. It is expected that the

agreement will be signed in February or March 2020, following confirmation of the outcome of the Board decision regarding the award of the £14m LGF allocation to the Project.

The delivery of this scheme is heavily dependent on railway possessions in order to access the railway. Booking of railway possessions has a long lead in time, and a high cost for late bookings or amendments. Possessions have been provisionally booked between April 2020 and May 2021 and therefore the project delivery programme is dependent on this period. The Implementation Agreement will be signed in February or March 2020 to ensure that the possessions programme is met.

The intention is for the highway works for the scheme to be delivered by the Kent County Council Major Capital Programme team. The construction contract for this work is programmed for award in July 2020, enabling construction to begin in November 2020.

- 9.6. As LGF spend on the Project will go beyond the end of the Growth Deal period, it is necessary for the SELEP Accountable Body (Essex County Council) to enter into a grant agreement with Kent County Council in relation to the Project.

10. Options presented for Board consideration

- 10.1. A number of recommendations are set out in this report for the Board to consider, including seeking Board agreement that the Project satisfies the five conditions agreed in February 2019 to allow LGF spend beyond the Growth Deal period and approval of the £14m LGF award to the delivery of the Project. Both of these recommendations are dependent upon two conditions being satisfied, as set out below:
- 10.1.1. receipt of written confirmation from the Kent County Council S151 officer that all funding has been secured to enable delivery of the Project; and
 - 10.1.2. receipt of written confirmation from Kent County Council that planning permission for the Project has been granted.
- 10.2. It is anticipated that the required written confirmation from the Kent County Council S151 officer will be received shortly after the Kent County Council Budget meeting on 13th February 2020.
- 10.3. As set out in Section 5.7 of this report, it is anticipated that the planning application will be determined in May 2020, however there is a risk that determination of the planning application may be delayed until July 2020. Following planning committee Kent County Council should be in a position to provide the written confirmation required by 22nd July 2020 at the latest.

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- 10.4. The Board are asked to note that no LGF funding will be transferred to Kent County Council for the delivery of the Project until the above conditions have been satisfied.
- 10.5. Should these conditions not be met, the Board will be asked to consider the reallocation of the £14m LGF to projects in the LGF3b project pipeline. The Board will be provided with updates on progress towards meeting these conditions. If Kent County Council are unable to demonstrate that the two conditions have been satisfied the Board will be asked to consider the reallocation of the £14m LGF at the meeting on 18th September 2020.
- 10.6. Kent County Council are continuing to work towards planning determination in May 2020, whilst acknowledging the risk that determination may be delayed until July. Should determination be delayed until July, this will mean that the Board will not be in a position to consider the reallocation of funding if the conditions are not met until September 2020. Delaying the decision increases the risk that the projects brought forward from the LGF3b project pipeline will not be able to spend the LGF funding on project delivery before the end of the Growth Deal period.

11. Outcome of ITE review

- 11.1. In accordance with the Assurance Framework, a full Business Case has been submitted as the Project has an LGF allocation of over £8m. The Full Business Case should reaffirm the total cost of the Project and ensure that sufficient funding is identified to deliver the Project prior to contracts being awarded for the construction of the Project.
- 11.2. The ITE review confirms that a sensible and proportionate methodology has been applied. The Department for Transport's Transport Analysis Guidance (TAG) has been used, with a specific focus on Rail Appraisal. The analysis shows that the additional revenue generated by the delivery of the Project will significantly exceed its operating and capital costs combined.
- 11.3. As a rail project which will generate a revenue income, following Department for Transport Guidance, the cost of the Project to be included within the Economic Case is a negative value (-£34.512m). As such, no matter how positive the Project benefits, the Benefit Cost Ratio value will always be negative.
- 11.4. According to the Department for Transport's Value for Money Supplementary Guidance of Categories, for projects with a negative Present Value Cost, if the Net Present Public Value is positive and the BCR is negative, the Project is considered to demonstrate very high value for money.
- 11.5. The economic appraisal for the Project generates a Net Present Public Value of £18.08m and a negative BCR value. The ITE assessment therefore confirms that the Project presents high value for money, based on the Department for Transport guidance.

- 11.6. At Full Business Case stage, the Financial and Commercial cases should include tendered costs or should be based on an ongoing procurement process. The costs set out in the Full Business Case for the Project are based on the outcome of GRIP stage 4 – Single Option Development stage, meaning that the costs are based on the outline design for the project. Under GRIP stage 5 the detailed design will be completed which will give greater certainty in relation to the cost of the project.
- 11.7. Due to the relatively early stage of the Project the ITE assessment indicates that there remains some uncertainty around the total project cost, although it is noted that the cost of the works required at the level crossings as set out in the outcome of GRIP stage 4 includes 57% contingency which provides greater cost certainty and assurance around deliverability on that element of the Project.

12. Project Compliance with SELEP Assurance Framework

- 12.1. Table 4 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP’s Assurance Framework.

Table 4 - Assessment of the Project 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 Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with the objectives identified in the Strategic Economic Plan.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are detailed in the Economic Case. The Department for Transport’s TAG guidance have been used to assess the expected outputs and outcomes of the Project.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Amber	A quantified risk assessment has been provided which provides itemised mitigation measures. There are a number of factors that could influence the deliverability of the project including land

		acquisition, planning consent and environmental constraints.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	The Business Case sets out the Net Present Public Value, which is based on the impact on the overall transport budget. This demonstrates very high value for money. This is, however, based on outline design costs and therefore there remains some uncertainty in relation to the total Project cost.

13. Financial Implications (Accountable Body comments)

- 13.1. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for 2020/21 remains indicative.
- 13.2. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 13.3. It is noted that in advance of any LGF being drawn down or spent on this Project, all conditions in 2.1.1 must be met.
- 13.4. All LGF is transferred to the sponsoring authority under the terms of a Grant Agreement which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 13.5. The Grant Agreement will set out the circumstances under which funding will be transferred and may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the Decisions of the Board.

14. Legal Implications (Accountable Body comments)

- 14.1. There are no legal implications associated with this report.

15. Equality and Diversity implication

- 15.1. 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;

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- (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.

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

15.3. In the course of the development of the project business case, the delivery of the Project and the 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 it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

16. List of Appendices

16.1. Appendix 1 - Report of the Independent Technical Evaluator (as attached to Agenda Item 6).

17. List of Background Papers

- 17.1. Business Case for the Thanet Parkway Project
- 17.2. Accountability Board Agenda Pack 12 April 2019 (original LGF funding decision (with conditions))
- 17.3. Accountability Board Agenda Pack 15 November 2019 (Project update report)

(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 Nicole Wood, S151 Officer, Essex County Council)	 06/02/2020