

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

KENT THAMESIDE STRATEGIC TRANSPORT PROGRAMME

All wards affected

1. Summary

1.1 This is a Key Decision as it is significant in terms of its effects on communities living or working in an area of the Borough comprising two or more wards.

1.2 This report brings Members up to date with proposals for securing a long-term programme of transport investment for Kent Thameside, funded through public and private sector contributions. This follows decisions made by Cabinet and the General Assembly of the Council on 26 and 30 July 2007 respectively.

1.3 The report summarises the results of consultation and further analysis carried out since July 2007, seeks approval for proposed refinements of the interim tariff policy, and seeks delegated authority to enter into a Memorandum of Agreement with other Parties, so as to secure the necessary operating framework for the funding and implementation of the Transport Programme.

2. RECOMMENDATIONS

2.1 To the Cabinet:

2.1.1 That the results of consultation on the proposed Kent Thameside Strategic Transport Programme and the recommended changes to the interim planning policy, as set out in the body of this report, be noted.

2.2 To the General Assembly of the Council:

2.2.1 That the revised policy set out in Appendix A, requiring developers to contribute a tariff of £5,000 per home on two or more net units as a condition of the grant of planning permission, be adopted as a material planning consideration for development control purposes with immediate effect.

2.2.2 That further consultation be undertaken with a view to extending the tariff requirement to non-residential development on the basis of the formula set out in Appendix A to this report.

2.2.3 That, pending the introduction of a non-residential development tariff, financial contributions toward the Kent Thameside Strategic Transport Programme from non-residential development are secured on the grant of planning permission on a negotiated basis using the formula set out in Appendix A as a guide.

2.2.4 That the Managing Director be authorised, in consultation with the Head of Legal Services and the Leader of the Council, to enter into an agreement to secure the necessary operating arrangements for funding and implementing

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

the programme, based substantially on the draft attached at Appendix B.

3. Background and Discussion

- 3.1. Reports were considered by Cabinet and the General Assembly of the Council on 26 and 30 July respectively, setting out a proposal to fund a programme of transport schemes with a mixture of public and private sector financial contributions. At the heart of the proposal is a development tariff, levied on the grant of planning permission. Match funding has been pledged by Government subject to certain conditions being satisfied.
- 3.2. Various resolutions were made by Cabinet (min. no. 31) and the General Assembly of the Council (min. no. 49) the combined effects of which were to introduce with immediate effect a planning policy requiring tariff payments to be made in respect of residential developments, to consult with a view to refining the policy if needed, and to move towards a position where the detailed operational framework for funding and implementing the transport programme could be agreed.
- 3.3. The interim tariff policy has been operating successfully, with all planning permissions granted since its introduction incorporating the full tariff payment. At the time of writing, tariff payments totalling £2.1 million have been secured, and negotiations are in hand which are likely to result in further tariff contributions in the near future, also at the full rate.
- 3.4. This report summarises progress since July 2007, and recommends appropriate refinements to the tariff policy (including its extension to non-residential development) as well as an operating framework within which the parties will co-operate to implement the proposals.

Further analysis

- 3.5. Since July 2007 work has continued on a number of matters which provide the foundation for the proposed programme and the policy which supports it.
- 3.6. There has been further transport modelling, which provides a more direct assessment of the benefits of the proposed transport programme than was available in July 2007. This work is ongoing, and as it continues the specific and measurable benefits arising from the proposed programme of measures will be able to be defined more clearly, and the programme adjusted and refined to deliver the transport benefits sought.
- 3.7. The modelling which is now being undertaken attempts to measure the benefits of the proposed programme against objective

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

benchmarks: firstly target traffic speeds for different types of road on the Kent Thameside network, and secondly localised improvements at identified “hotspots” where it is considered desirable to protect local amenity (for example the A206 corridor) or to safeguard development capacity (for example routes to Ebbsfleet).

- 3.8. The additional modelling which has been undertaken shows that without a package of transport measures, the existing committed transport initiatives (which include sustainable transport solutions built into developments as well as freestanding schemes such as Fastrack and M25/A2 improvements) will not be sufficient to deal with growth in background traffic and meet the needs of planned developments. Therefore the case for a further programme of transport investments is clearly proven.
- 3.9. The modelling undertaken so far cannot quantify conclusively the scale of benefits derived from the proposed package of transport measures, because some of the measures (particularly the proposals for demand management on the A2 and the Urban Traffic Management Control system) present technical difficulties for modelling. However, interpolating from the results obtained so far, it would be possible to draw the conclusion that the package provides improvements at the identified hotspots, and will go a considerable way towards achieving the target road speed levels, particularly on the local roads. However it also shows that there is a residual level of “underperformance” particularly on the trunk road network, and to a lesser extent on other roads, which the package will not address.
- 3.10. Further schemes have been identified which may prove beneficial in addressing these residual problems, subject to the programme fund being adequate to finance them. These include an area-wide package of walking, cycling and public transport measures, which will increase the likelihood of obtaining the necessary shift away from car use, and a park and ride facility on the A2. It may also be possible to identify further capacity at Junction 1A on the M25. These are now shown as “reserve schemes” in the programme.
- 3.11. Beyond these possible additions, Kent County Council’s traffic consultants advise that restraining unnecessary or avoidable car use is more likely to benefit the transport network than providing further capacity without control over its use. The effect of a typical package of restraint policies has been modelled, which suggests possible benefits. It is not proposed that a specific restraint package be identified at this stage, firstly because the need for car restraint will not arise for some years, and secondly because national transport policy and market factors over the next ten years could have a profound effect on the amount of local restraint needed.

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

- 3.12. More analysis of the predicted transport conditions in the area will be required. However the broad conclusion which can be drawn from the analysis which has now been completed is that the package is both necessary and likely to be effective, but not capable of eradicating all the problems likely to arise on the transport network in the next ten to twenty years. This is a sufficient justification for continuing with the proposed programme arrangements, including the policy requiring developer contributions via a tariff.
- 3.13. It is anticipated that monitoring and analysis will now continue on a more or less continuous basis, so that the transport conditions in Kent Thameside, the impact of development and the need for infrastructure works can be kept under constant review.
- 3.14. There has also been further work to refine the schemes which comprise the proposed programme, to confirm their feasibility, consider their phasing and review their expected costs. As a result some of the outline costs have changed. This work will continue for each scheme up until the point when the scheme can be commissioned, and therefore the costs in the programme should be seen as indicative only.
- 3.15. Finally, more work has been carried out to project the income and expenditure streams for the programme. The income includes contributions from Government departments as previously reported, from the Land Securities planning agreement for Eastern Quarry, and from tariff revenue.
- 3.16. The tariff revenue projections have been updated since last reported in July 2007, taking account of the most up-to-date assumptions about the phasing of development, and building in the revenue which would accrue as a result of the changes to the tariff policy proposed in paragraphs 3.29 and 3.35 of this report, namely the lowering of the residential threshold and the formal extension of the tariff to non-residential development. Sensitivity tests have been undertaken to gauge the impact of differing rates of development, payment profiles, project delivery timetables and so on.
- 3.17. The overall conclusion of this work is that the income and expenditure streams can be kept in overall balance as previously indicated. There may be short-term borrowing requirements to cover periods when the cashflow enters deficit, depending how the overall programme unfolds. An illustration of the possible cashflow profile is attached at Appendix D.
- 3.18. Overall, the financial modelling indicates that the programme is deliverable and therefore provides a sound basis upon which to

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

make the necessary planning policy decisions and enter into the arrangements needed to deliver the programme.

- 3.19. Kent County Council has indicated its intention to take on the role of Accountable Body for the programme (see paragraph 3.44 below) and to accept the overall financial liabilities associated with this role.

Consultation and policy considerations arising

- 3.20. In August 2007 a consultation document was published, based on the reports considered in July, and seeking views on both general and specific matters relating to the proposed strategic transport programme and the tariff policy. Gravesham Borough Council also consulted within its area on the basis of the same document. A summary of the responses to both consultations is attached at Appendix C.
- 3.21. In general terms, the consultation revealed that the majority of respondents endorse the Council's analysis of the transport issues, and broadly agree with the proposed package of measures and the tariff-based funding proposals. There were a number of contrary views expressed, but none which indicated that the Council should not proceed with the proposals.
- 3.22. Some respondents felt that the proposals were inadequately justified; in particular that the benefits of the proposed transport programme were not clear enough, or were not sufficiently closely related to the impacts of development. The additional analysis which has taken place since the consultation paper was prepared is summarised in paragraphs 3.5 to 3.12. This analysis provides more evidence in support of the proposed programme, and further monitoring and analysis is proposed which will enable the programme as a whole and the need for individual schemes within the programme to be kept under review.
- 3.23. Most respondents endorse the principle of a flat-rate tariff rather than a more complex formula. A majority prefer a flexible transport programme, where adjustments can be made throughout the programme period, to one which is fixed. However these views were qualified by a need to limit the amount of flexibility and how it is exercised. The proposed operating framework (see paragraphs 3.42 to 3.45 and Appendix B) defines the limits within which the proposed programme could be modified, and the processes for review.
- 3.24. There was strong support for extending the tariff to include non-residential development, on the basis of fairness. There were a range of ideas as to how a non-residential tariff could be formulated. The reports in July 2007 acknowledged that non-residential development should contribute financially to the

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

transport programme, but expressed reservations as to the practicality of setting a formula for contributions. Instead, it was suggested that non-residential contributions be negotiated site by site.

- 3.25. However, work has continued since July 2007 to devise a possible formula for calculating non-residential contributions, and it is now suggested that this be introduced. This proposal is discussed further in paragraphs 3.33 – 3.39.
- 3.26. A majority of respondents consider that the tariff should apply to all developments regardless of size, on the basis of fairness. One respondent pointed out that smaller developments may be less able to incorporate sustainable travel measures than large ones, and therefore may have a disproportionate traffic generating effect.
- 3.27. The interim policy has a threshold of 10 homes below which the tariff does not apply. This was considered appropriate at the time, bearing in mind the fact that the interim policy was to have immediate effect, and while developers of sites of 10 dwellings or more are familiar with the practice of seeking pooled contributions (for example for KCC Education), developers of smaller sites are less so. It was therefore considered that the extension of the tariff to smaller developments should not be introduced until there had been further consultation.
- 3.28. The consultation was extended to smaller housebuilders (all residential developers who had applied for planning permission in the last year were canvassed), and so there has now been reasonable notice given to such developers that the tariff could be extended to encompass smaller developments. Given the consultation responses, it is now suggested that the threshold be reduced.
- 3.29. The proposal as set out in Appendix A is that the threshold be reduced to two dwellings net. This ensures that the majority of residential development will be included, but residents wishing to construct a single dwelling for their own occupation, or to convert a dwelling to include a granny flat or carry out other similar types of development which are directly related to their family needs and circumstances, would not be required to pay.
- 3.30. An issue which has been raised outside the consultation process, during the operational stage of the interim tariff, is whether the tariff should apply to gross residential numbers, or to the net gain only, where a residential site is redeveloped at a greater intensity. Gravesham Borough Council has made it explicit from the outset that the tariff should apply to the net gain only, whereas Dartford's tariff policy does not specify.

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

- 3.31. It is more logical to charge only the net addition to the housing stock, as these additional units are the ones which will add to the volume of movement on the roads and public transport systems. It is proposed that it be made explicit in the revised policy that only net additional dwellings will be liable for the tariff, providing that the new development replaces units which were in occupation in July 2007 (the base date for the transport modelling, against which the impact of additional development has been assessed).
- 3.32. It is suggested that detailed responses to the consultees are sent, as part of the wider process of responding to consultees on the Local Development Framework Core Strategy. In the meantime, the key issues arising from consultation have been addressed in the foregoing paragraphs and in the suggested revisions to the interim policy.

Non-residential tariff

- 3.33. As mentioned in paragraph 3.24 there is a sound basis in principle for securing financial contributions to the strategic transport programme from non-residential development. However the calculation of a formula which enables such contributions to be by way of a flat-rate tariff on floorspace is more problematic for non-residential development, because such development can have a very wide range of traffic generation characteristics depending on its specific nature.
- 3.34. Based on the advice of the Highways Authority, it is considered that a formula for tariff payments can be substantiated for business uses and hotels, but the financial contributions for all other types of non-residential use should be calculated on the basis of their specific traffic impact assessments.
- 3.35. The proposed tariff formula for business uses, which is set out in Appendix A, is based on their known traffic-generating characteristics, using data derived from a nationally accredited land use and transport database used for traffic modelling. These can be equated to the traffic generation of residential uses, to calculate a payment which is comparable to that for residential use. However, a 60% discounting factor has first been applied, to account for the fact that some of the trips generated will be local and will not add significantly to strategic transport impacts, and also to avoid the "double counting" of trips which have a residential origin within Kent Thameside and are hence already accounted for in the calculation of residential traffic generation.
- 3.36. This discounting factor will also help to ensure that inward investment and job creation are not unduly deterred by the tariff charge, recognising that the land use strategy for the area as set

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

out in the Draft South East Plan and the emerging Local Development Frameworks of the two local planning authorities encourages employment growth at a relatively higher rate than residential growth.

- 3.37. It is proposed that all other non-residential uses will be asked to contribute at a rate which is related to the specific traffic generation characteristics of the proposed development, as established in the Transport Impact Assessment accompanying a planning application.
- 3.38. The proposed non-residential tariff policy is set out in Appendix A along with the proposed revised residential tariff policy. Recognising that the non-residential tariff proposal is more complex than the residential flat-rate tariff, and is likely to provoke a wider range of counter-proposals, it is suggested that the formula be applied initially with some scope for negotiation, and that consultation on the non-residential tariff be carried out for a further 6 week period. Members are reminded that contributions from non-residential development are already provided for in Policy T2 of the Adopted Dartford Local Plan, and the use of the proposed formula can be seen in the early stages as simply a guide as to how these contributions should be negotiated. Once the consultation is complete, and after allowing a period of operation to assess the practicality of the tariff proposals set out in Appendix A , it will be possible to determine whether the Interim Policy (January 2008) should be confirmed.
- 3.39. The likely product of a non-residential tariff has been calculated, together with the impacts of the various other adjustments to the tariff policy and the revised development trajectories. These revised parameters have been built into the updated financial projections for the transport programme. The overall funding package assuming the recommended policy changes are agreed is as follows:

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

	£ MILLION
PRIVATE SECTOR CONTRIBUTION	
LAND SECURITIES EQ2	40.00
DBC TARIFF	29.91
GBC TARIFF	31.13
SUB-TOTAL PRIVATE SECTOR CONTRIBUTION	101.04
PUBLIC SECTOR CONTRIBUTION	
CLG	23.00
DfT (INCLUDING REGIONAL ALLOCATION)	51.00
SUB-TOTAL PUBLIC SECTOR CONTRIBUTION	74.00
TOTAL FUND	175.04

- 3.40. Cashflow projections have been made and sensitivity testing carried out, to determine the financing requirements of the programme and assess the financial impact of any delivery risks. An illustrative cashflow projection is attached at Appendix D which shows the income and expenditure streams broadly in balance, and the borrowing requirements manageable. Kent County Council has agreed to assume responsibility as Accountable Body for the programme as a whole, and any financial risks will therefore accrue to the County Council.
- 3.41. A Business Plan is being prepared by Kent County Council, which will include a formal risk assessment and management plan, and which will also provide the basis for a Business Case to be presented to Communities and Local Government in January 2008 to release the Department's funding. No financial risks accrue to Dartford Borough Council as a result of the arrangements which are proposed for operating the transport programme.

Operating Framework

- 3.42. In July 2007 it was reported that to give effect to the programme an operating framework would need to be established. This would secure the necessary co-operation between the various parties to ensure that the funds are raised, managed, and applied to the programme as and when needed, and that any variations to the programme are agreed in a transparent and consistent way.

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

- 3.43. Discussion has taken place between the parties to find a way of operating which can be secured within existing powers and structures. Broad agreement has been reached on the following core principles:
- a) Kent County Council to act as Accountable Body, assuming responsibility for managing the fund and the cashflow and commissioning the schemes (except for Department for Transport schemes);
 - b) Department for Transport to co-ordinate the commissioning of its schemes with those in a) above;
 - c) The strategic transport programme to be kept under continual review, and formally reviewed annually, with any amendments to be agreed between all the parties;
 - d) Amendments to the programme to be limited to those which will secure the objectives and target performance set out in the Kent Thameside Transport Strategy, or in the interim as agreed between the parties;
 - e) Consultation to be undertaken with stakeholders before any amendments to the programme, and the programme to be reported and accounted transparently;
 - f) Local planning authorities to operate planning policies which will raise tariff revenue;
 - g) Government departments to contribute financially as per current commitments (CLG £23 million, DfT £51 million).
- 3.44. These principles have been embodied in a draft Agreement, a copy of which is attached at Appendix B, which sets out in detail and in an enforceable form the roles and responsibilities of each of the parties to secure the operating framework. Members' attention is drawn in particular to the roles and responsibilities of Dartford Borough Council under the Agreement, the most significant of which are to ensure that planning policies are operated which raise tariff income, and to agree each year with the other signatories any amendments to the strategic transport programme.
- 3.45. The Agreement is still under discussion, but a large measure of agreement to the principles embodied within it has already been obtained, and it is anticipated that the parties will be able to commit to an Agreement in a substantially similar form to that set out in Appendix B. It is suggested that authority be granted to the Managing Director to negotiate and complete the Agreement on behalf of the Council, in consultation with the Leader of the Council and the Head of Legal Services.

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

4. Relationship to the Corporate Plan

Regeneration: to set a clear vision for the pattern of growth in Dartford, matching residential development with job creation, ensuring that new developments provide the right conditions and infrastructure for community life to flourish, and enhancing Dartford's physical environment.

5. Financial, legal, staffing and other administrative implications and risk assessments

Financial Implications	The financial implications of operating the Strategic Transport Programme are set out in general terms in the body of this report. No financial liabilities in respect of the programme accrue to the Council as a result of the recommendations.
Legal Implications	<p>A Local Planning Authority can secure financial contributions towards the provision of infrastructure and facilities, through Section 106 Agreements. Such contributions should comply with the requirements of ODPM Circular 05/2006 in that they should be:</p> <ul style="list-style-type: none"> • Relevant to planning • Necessary to make the proposed development acceptable in planning terms • Directly related to the proposed development • Fairly and reasonably related in scale and kind to the proposed development • Reasonable in all other respects <p>This report sets out a reasoned case for a tariff approach which it is considered meets these tests.</p> <p>The Agreement attached in draft form at Appendix B is a legally binding document setting out the roles and responsibilities of the parties in securing the programme.</p>
Staffing Implications	None at this stage
Administrative Implications	As set out in the report

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

Risk Assessment	<p>There is a risk that a tariff system will not deliver all of the funding required to finance the programme, for example if development does not proceed as quickly as planned. However, in the event of a slow rate of development it is likely that the infrastructure delivery programme can also be slowed down, as development-related traffic impacts will not materialise so quickly.</p> <p>There is a risk that traffic conditions will not materialise as predicted, and that schemes different from those currently envisaged will become necessary. The proposed programming arrangements allow for this, as the finance is not ring-fenced to particular schemes and the programme will be kept under review. This is a more flexible arrangement than would be possible under the more traditional method of securing developer obligations specific to each site, and agreed at the point of planning permission.</p> <p>There is a risk that developers will challenge the validity of the tariff. To mitigate this risk a planning justification has been advanced which demonstrates that the tariff approach offers the most reliable, fair and flexible solution to the problem facing all the parties involved in bringing forward development. The proposed policy has an existing foundation in statutory planning policies for development infrastructure, and will be incorporated into the Council's Local Development Framework as soon as practicable. Although the policy initially has interim status, the Council has offered a sound justification as to why it should be introduced with immediate effect, so that all developments not yet consented will contribute equally.</p>
-----------------	---

6. Details of Exempt Information Category

Not applicable

7. Appendices

- A: Revised policy
- B: Draft Agreement

CABINET
24 JANUARY 2008
GENERAL ASSEMBLY OF THE COUNCIL
28 JANUARY 2008

C: Summary of Consultation Responses
D. Illustrative Cashflow Projection

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date / File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Exempt Information Category</u>
		R. Scott	Regeneration	n/a

This page is intentionally left blank