

CABINET
25 SEPTEMBER 2008

KENT THAMESIDE STRATEGIC TRANSPORT PROGRAMME
UPDATE

1. Summary

1.1 This report provides an update on the Kent Thameside Strategic Transport Programme focussing on the transport tariff. It identifies the issues that have arisen through consultation and operation of the interim transport tariff policy. On the basis of the issues that have arisen, some clarification as to the way the interim policy is operated is proposed. The next steps towards statutory adoption of the policy are outlined.

2. Recommendations

- 2.1 That the consultation responses to the Core Strategy Preferred Approach on Strategic Transport Investment are noted and that the proposed responses at Appendix A are agreed.
- 2.2 That the interim tariff policy as agreed by the General Assembly of the Council of January 28 is unchanged (Appendix C).
- 2.3 That in implementing the tariff, the means by which a discount is applied for traffic generated by existing uses of a site as at 1 April 2005, be calculated by reference to the formula for non-residential uses in the interim tariff policy (Appendix C).

3. Background and Discussion

- 3.1. Reports were considered by Cabinet on 26 July 2007 and 24 January 2008, and by GAC on 30 July 2007 and 28 January 2008, setting out a proposal to fund a programme of transport schemes with a mixture of public and private sector financial contributions. Resolutions were made with the effect that an interim planning policy was introduced with immediate effect requiring tariff payments to be made initially in respect of residential developments (July 2007) and subsequently non-residential developments in addition to this (January 2008).
- 3.2 Consultation on the tariff policy was carried out in September 2007 and an amended interim policy resulted from this (see Appendix C). Further consultation on the policy approach was carried out as part of the Core Strategy Preferred Options consultation, January 2008. All consultees on the Council's LDF database as well as the wider public, were included in this consultation.

4. Consultation Responses

- 4.1 There was a good measure of support for the tariff policy, as also evidenced through the earlier consultation in September 2007. The latest consultation as part of the Core Strategy and operation of the

CABINET
25 SEPTEMBER 2008

tariff has, however, produced the following responses which are considered in more detail in sections 5 and 6 below:

1. The tariff should be based on net traffic increases and take account of extant uses on the site (Section 5).
 2. The tariff should be reasonably related to the scale of development and different contributions should apply depending on the size of the residential units (Section 6).
 3. A differential tariff should be applied according to location (e.g. town centre sites) (Section 6)
 4. Tariff should only be sought for schemes directly related to the site / site-specific transport improvements (Section 6)
 5. Tariff should be calculated on basis of site by site assessment (Section 6)
- 4.2 A number of other comments were made in response to the consultation which are identified in Appendix A together with a proposed response. Members are asked to agree these responses as a basis for taking forward the policy through the Core Strategy Submission document. Further consultation on the detailed operation of the policy is proposed through a Supplementary Planning Document on the Strategic Transport Programme (see Section 8 below). This will be informed by lessons from the operation of the interim policy.

5. Tariff based on net traffic increase

- 5.1 Some proposed developments have an existing (or recently terminated) use of a site which generates or will have generated traffic. This can be a material consideration when assessing a planning application, depending on the circumstances. Currently, the operation of the tariff explicitly allows for the discounting of the traffic effects of a previous residential use on a residential proposal, because the tariff is payable only on the net increase in dwellings. The tariff policy does not at present set out how discounts should be applied in other situations.
- 5.2 This issue has been raised in the responses to the consultation exercise as well as in discussions with developers on planning applications. Officers accept that if the policy is to be consistently applied and be fairly and reasonably related to the impact of the new development, only traffic generated by the new development over and above any current or recent traffic generation should be considered in calculating the tariff payment.
- 5.3 The application of a discount which is dependent on traffic generated by previous uses, if applied on a site by site basis has the potential to result in the type of issues the tariff has been set up to avoid. These include delays on agreeing planning applications and S106 agreements because agreement cannot be reached on the traffic generation (in this case previous traffic) on the site.

CABINET
25 SEPTEMBER 2008

- 5.4 For this reason, whilst the need to account for previous traffic generation is acknowledged, Officers are of the view that previous estimates of traffic should be estimated by way of the same formula as is used to predict future traffic generation. This is in line with the principles of the tariff policy, and makes for consistency of approach. The report to GAC of 28 January 2008 included a formula for the calculation of a tariff for non-residential uses, as part of the interim tariff policy that was agreed at that meeting (Appendix C). It was based on trip generation for different land uses as identified through the TRICS database. It is proposed that this formula is applied to previous uses on a site in order to calculate a discount, where applicable.
- 5.5 Some sites have not been in use for many years. The impact of traffic from these sites has not been accounted for in the transport modelling of the area when assessing the baseline to which future traffic generation is added. It is, therefore, proposed that only traffic generation on a site which has been accounted for in the modelling is allowed for by way of a discount. The base date for the transport model is 2005. Therefore, it is proposed that allowance is only made for uses which were active as at 1 April 2005.
- 5.6 The financial analysis carried out for the Strategic Transport Programme has used a cashflow model to determine the amount and timing of receipts through the transport tariff, as compared to the funding required to implement the transport schemes within the programme. A discount for existing/recent uses has not previously been allowed for. Both Dartford and Gravesham Councils have carried out an estimate of the financial impact on tariff receipts with the discount for previous uses taken into account. It is anticipated that Gravesham Council will operate the policy on the same basis as proposed in this report.
- 5.7 The cash-flow model was rerun in August 2008 using the latest estimates for tariff receipts, allowing for discounts. Additional changes were made to the model to reflect receipts from development of non-residential floorspace which had not previously been accounted for. Some limited adjustments have also been made to the spend profile to reflect the latest timing and spend estimates for the transport schemes. Taking into account these revisions, the net surplus at the end of the programme (2021) stands at £224,297. Given the scale of the proposed expenditure, a marginal surplus is felt to be acceptable at the start of the programme but will need to be kept under continuous review. Kent County Council, as the accountable body for the programme, will be responsible for ensuring that the programme does not result in a deficit.

6. Flat-rate Tariff on Residential properties

- 6.1 The tariff has been applied as a flat-rate charge of £5,000 per unit to qualifying residential developments. Government Circular 05/2005 on Planning Obligations states that an obligation must be fairly related in scale and kind to the proposed development. Respondents to the

CABINET
25 SEPTEMBER 2008

consultation and some planning applicants have suggested that in order for the tariff to be fairly related to individual schemes, a more differentiated tariff should be used to calculate the impact of each scheme on the transport network. A number of criteria have been proposed by respondents which, they suggest, would take into account the specifics of the scheme in order to fairly reflect the traffic generation from the development. These include the size of the home, the location in relation to public transport and the relationship to proposed transport schemes. These are considered in turn below:

- 6.2 Tariff related to property size: The Council has analysed traffic generation data to establish whether the amount of traffic generated by a home is related to its size. On the available evidence, the results of the analysis show that there is some relationship between the size of the property and the amount of traffic it generates. However, whilst the average number of trips per household generally increases as the average size of property increases, there are wide variations around the average (see Appendix B).
- 6.3 To get an understanding of the strength of the relationship between the size of unit and the number of trips generated, an analysis testing the range of variability of the data was carried out (standard deviation analysis). This confirmed that there is a high degree of variation around the average, indicating that the average figure for trip rate per unit size cannot be taken as a reliable prediction of individual values.
- 6.4 The main conclusion to be drawn from the data is that whilst the size of a property may be one of the factors influencing trip rates, this is undoubtedly complicated by a range of other factors. These other factors are considered further below. A tariff which is based only on an average trip rate by size of property is not, therefore, necessarily a better indicator of the relationship between the amount of tariff paid and the number of trips generated than the present measure.
- 6.5 Tariff related to location The view that the tariff should be differentially applied to different locations has been raised both through consultation and in negotiation on planning applications. It is stated that locations which have good public transport connections and/or good accessibility to facilities should pay a lower tariff, since there will be a lower level of car usage. This has been particularly raised in relation to sites in Dartford town centre.
- 6.6 Consideration of a differential tariff according to location raises a number of issues:
 - The Strategic Transport Programme is not entirely car-related. The projects to be paid for through the transport tariff include public transport, cycle and pedestrian improvements in the town centres, as well as road-based schemes. For example, in Dartford town centre, £10 million has been allocated for transport schemes which are to include improvements to the pedestrian environment.

**CABINET
25 SEPTEMBER 2008**

- Whilst there are differences in public transport accessibility between the sites, accessibility is generally good within the whole of the Kent Thameside area in Dartford. It would be difficult to find a single measure of public transport accessibility which would provide a reliable indication of the transport impact.
 - Some sites which would benefit from improved public transport penetration, such as Eastern Quarry, have been required to provide a Fastrack service, in addition to making a contribution to the pooled transport fund. They are, therefore, making a contribution over and above that required on other sites.
- 6.7 In the context of the tight and relatively uniform urban area which the transport tariff covers, there is limited justification for a differential tariff to be applied according to location. If a variable formula were to be applied according to public transport accessibility, in order to be fair, it would have to take into account existing public transport and programmed future public transport proposals. This would result in a more complex scheme.
- 6.8 Tariff based on relationship to transport schemes: Consultation responses and planning applications discussions suggest that tariff payment should be related to specific schemes in the programme. This is interpreted as meaning the proximity to the schemes. The implication of this seems to be that traffic from a development slightly more distant (say a mile or two away) from the trunk road network will not impact on it and will likewise not benefit from any improvements to it. This is disputed. Within the tightly drawn boundary of the Kent Thameside Strategic Transport Programme and with the geographic dispersion of schemes within that boundary, there is not considered to be strong differentiation between either impact or benefits from schemes, when taken in the round.
- 6.9 The transport tariff has been developed for the very purpose of addressing the cumulative impact of development schemes on the wider transport network. It has been formulated with the aim of overcoming the difficulties of applying a site-specific approach. The impact cannot easily be directly associated with any one site and neither is the impact of any specific development confined to a tight geographic boundary around the site.
- 6.10 Government guidance (Circular 05/2005) supports the pooling of contributions where the combined impact of a number of developments creates the need for the infrastructure. In addition national planning policy (PPS12) makes it clear that good infrastructure planning should identify as far as possible infrastructure needs costs and funding sources in order to facilitate effective and collaborative planning for an area. This clearly indicates that the principle that developments should contribute to broader, strategic impacts is supported by Government.
- 6.11 Other Considerations There are a range of other considerations not raised by respondents which might influence the trip generation of a

CABINET
25 SEPTEMBER 2008

development. In individual cases, the characteristics of the resident household, its size and stage in the family life cycle, will all have a significant impact on trips generated and attracted to the property. Other considerations, such as the size of the site can also impact on trip rates. In a large site, there are more likely to be opportunities to introduce features which will reduce car usage, such as public transport, cycling facilities and provision of local schools and shops within walking distance as part of the development.

6.12 Singling out one parameter only, such as size of property, is therefore not guaranteed to result in a fairer outcome than a flat tariff, while use of all of the above parameters in combination would be difficult to apply and would lack clarity and predictability.

6.13 A tariff based on a site-by-site assessment has also been proposed. The drawbacks of such a system have already been considered as part of the development of the tariff. In particular, it would reintroduce the need to agree site by site the likely traffic impacts, both local and more widespread, and taking into account cumulative as well as specific impacts. Past experience has shown that this is an approach which leads to argument and delay. Respondents to the initial consultation in September 2007 were predominantly in favour of a flat rate tariff. A site-by-site assessment would lack certainty for the developer and the operating body and result in an uncertain level of receipt, as well as delays.

7. Operational Requirements of the Tariff

7.1 Against these considerations, there are strong arguments for a flat-rate tariff. In order to provide a stable and reliable operating framework, the tariff structure needs to be:

Simple – the more complex it becomes, the more scope there is for interpretation and disagreement, leading to the delays in planning decisions which characterised the situation before the tariff was introduced;

Fair – a flat rate tariff treats all sites and development types even handedly and will not, therefore, act as a disincentive to the provision of a balanced mix of development;

Predictable – so that the Council and its partners can accurately predict the income it will generate and plan the financial management of the strategic transport investment programme with confidence;

Clear – providing certainty in advance to developers as to what they are expected to pay, so that they can factor these costs into their appraisals from the outset

On the balance of all these considerations, Officers are of the view that there is insufficient justification for a change to the interim policy in respect of the flat-rate tariff of £5,000 per home.

**CABINET
25 SEPTEMBER 2008**

8. Next Steps

- 8.1 It is intended that the amended interim policy be taken forward as a policy through the Core Strategy Submission Document. This is to be presented to the Cabinet meeting in November. The Core Strategy will, however, be subject to Public Examination and must await the outcome of an Inspectors Report before it can be adopted. It is likely to be at least a further year before the tariff policy will derive statutory status from the Core Strategy (although it currently finds statutory support in the saved policies of the Local Plan and in the Kent and Medway Structure Plan, which currently comprise the statutory development plan).
- 8.2 In the meantime, it is proposed that a Supplementary Planning Document (SPD) for the tariff is prepared, consulted on and adopted based on the existing development plan and Circular 05/2005. This is a faster process than adoption of the Core Strategy and is only permissible in the specific circumstances of planning obligations. The SPD will be complementary to the Core Strategy policy which will address the principles of the scheme. The SPD will address the day-to-day operation of the scheme and will provide the flexibility needed for periodic review of the operational mechanisms of the policy.
- 8.3 In considering the report on the Kent Thameside Transport Programme at the 28 January 2008 General Assembly of the Council, Members agreed that further consultation should be undertaken on the formula for the non-residential tariff. A draft Supplementary Planning Document on the Transport Tariff would be an appropriate mechanism for undertaking this consultation.
- 8.4 In practice, the process that will be followed in preparing and consulting upon the Supplementary Planning Guidance will be similar to the process involved in developing the interim policy. It will also have the advantage of being informed by the operation of the interim policy. In the meantime, the intention is to continue to treat the interim policy as a material consideration in the determination of applications. It is consistent with the approach proposed in Circular 05/2005 and is supported by policies in the development plan. Accordingly, it can properly be given weight in determining applications.

9. Relationship to the Corporate Plan

ET3 Manage transport demand in a sustainable way and increase travel options in the area.

ET3(a) Ensure that all eligible domestic and commercial developments make tariff contributions.

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

Financial Implications	Kent County Council is to act as the accountable body for the Strategic Transport Programme. No
------------------------	---

CABINET
25 SEPTEMBER 2008

	financial liabilities 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 or unilateral undertakings. Such contributions should comply with the requirements of ODPM Circular 05/2005 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>These matters have been taken into account in considering consultation responses.</p>
Staffing Implications	None at this stage
Administrative Implications	Kent County Council, as the accountable body, will take on the administration of the Programme.
Risk Assessment	<p>The wider risks of implementing the Strategic Transport Programme have been considered in the report to GAC of 28 January 2008.</p> <p>This report considers representations received through consultation and how the Council might respond to these. The following issues are relevant:</p> <ol style="list-style-type: none"> 1. In adjusting the operation of the tariff to allow for discount of previous traffic generation on a site, there is a risk that there will be insufficient funding to deliver the programme. To mitigate this risk, an assessment was carried out to estimate the loss of receipts as a result. The financial outcomes have been tested through the cashflow model and the outcome found to be acceptable. 2. A number of representations have been made which suggest that flat rate policy does not comply with the requirements of Circular 05/2005. This raises the risk of challenge to the tariff, both through

CABINET
25 SEPTEMBER 2008

	individual applications as well as through the Core Strategy Public Examination. Consequently, the tariff policy has been carefully considered and assessed and a justification advanced for the continuation of the flat rate policy.
--	--

11. Details of Exempt Information Category

Not applicable

12. Appendices

Appendix A – Summary of Core Strategy Consultation Responses

Appendix B – Analysis of TRICS Trip Data

Appendix C – Kent Thameside Strategic Transport Tariff, as agreed by GAC 28 January 2008

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>
1) Kent Thameside Strategic Transport Programme, Report to Cabinet 26 July 2007 and GAC 30 July 2007		Teresa Ryszkowska (01322) 343631	Planning Policy Regeneration Directorate	N/A
2) Kent Thameside Strategic Transport Programme, Report to Cabinet 24 January 2008 and GAC 28 January 2008				
3) ODPM Circular 05/2005, 'Planning Obligations', July 2005				
4) Dartford's Core Strategy Preferred Options, January 2008				

This page is intentionally left blank