

Forward plan reference number: FP/AB/470

Report title: Local Growth Fund – London Gateway/Stanford le Hope Update Report	
Report to: Accountability Board	
Report author: Keith Rumsey, Interim Assistant Director – Regeneration and Place Delivery, Thurrock Council and Howard Davies, SELEP Capital Programme Officer	
Meeting date: 19 November 2021	For: Decision
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Thurrock	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the London Gateway/Stanford le Hope LGF project (the Project) which has been identified as high risk.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the update on the Project, including that delivery of the Project is now expected to complete beyond the extension agreed at the September 2021 Board meeting.
 - 2.1.2. **Agree** a further extension to the Project to July 2024, subject to an updated Business Case which sets out Value for Money and Benefits offered by the Project, for consideration by the April 2022 Board meeting at the latest.
 - 2.1.3. **Note** that a further project update will be brought to the Board, as agreed at the September 2021 Board, in February 2022 to:
 - 2.1.3.1. Confirm that the tender process for the Station Upgrade (Phase 1) has been successful. Provide an updated delivery programme and confirmation that a full funding package is in place to deliver the works.
 - 2.1.3.2. Confirm the design progress for Phase 2, including planning application progress along with an outline delivery programme, forecast costs and confirmation that a full funding package is in place to deliver the Phase 2 works.

3. Background

- 3.1. The main aims of the project are to:

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- 3.1.1. Develop an interchange that will connect bus, rail, cycle, taxi and pedestrian modes of transport at Stanford le Hope station.
 - 3.1.2. Expand capacity at Stanford le Hope Station gateline.
 - 3.1.3. Implement a package of works that meets the requirements of travel plans for London Gateway and unlocks the next phase of development at London Gateway. Provide improvements to public transport infrastructure and service reliability to new housing developments and to the major employment growth sites at London Gateway/Coryton.
 - 3.1.4. Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange.
- 3.2. To assist with delivery of this complex regeneration project, the works as set out in the Business Case have been assigned into 2 phases:
- 3.2.1. Station buildings - with passenger toilets, widened platform, level access to building and station platforms, real time customer information systems (Phase 1).
 - 3.2.2. Multi-modal interchange – 2 car passenger drop off positions with landing island, 2 taxi rank positions with landing island and shelter, 84 secure cycle parking spaces, 2 drop off positions and 1 pickup position for a bus with waiting facilities, protected pedestrian walking routes and desire lines. (Phase 2).
- 3.3. The Board approved an LGF allocation of £7.5m of the estimated £12.05m project cost in February 2017. This allocation has been spent in full, supporting design development, ground investigation, site de-risking, planning process and demolition works. The project completion was expected to be December 2018.

Table 1: Spend profile as set out in the original Business Case

Source of Funding	Financial Profile £(m)				
	2016/17	2017/18	2018/19	2019/20	Total
Local Growth Fund	1.00	2.50	4.00	-	7.50
Thurrock Council	0.55	0.30	0.30	-	1.15
DP World London Gateway	-	0.55	-	-	0.55
c2c	0.85	-	-	2.00	2.85
Total	2.40	3.35	4.30	2.00	12.05

- 3.4. The original Business Case demonstrated strong value for money with a benefit cost ratio (BCR) of 9.4:1. The project supports the creation of an estimated 756 new jobs at DP World London Gateway and Thames Enterprise Business Park over the period up to 2031 through provision of infrastructure that will improve accessibility by sustainable modes of travel.
- 3.5. The sensitivity tests undertaken as part of the Business Case submission demonstrated a strong correlation between scheme configurations that maximised access by sustainable

modes of travel and improved the BCR. Three sensitivity tests were undertaken to test the robustness of the economic case and the third of these tests demonstrated that a non-car mode share of 15% could deliver 2,100 additional jobs and even stronger value for money with a BCR of 14:1. This opportunity to optimise regeneration benefits has focussed efforts on evaluating a range of access arrangements that would enhance the attractiveness of non-car travel.

- 3.6. After early delays due to planning, contract issues and the wider impacts of Covid-19, additional expertise was introduced and the project is now moving forward. The Board were advised that planning permission for the Phase 1 works was granted in July 2021, followed by the commencement of a tender process in September 2021, finishing in December 2021 with a contractor selected for these works in March 2022.
- 3.7. At the September Board meeting an extension to project completion until December 2023 was agreed. It was also agreed that as consultations regarding options for the complementary elements of the interchange (Phase 2) were ongoing, that an update would be brought to this Board meeting.

4. Phase 1 Station Upgrade - Updated Position

- 4.1. The procurement process has commenced with Invitation to Tender (ITT) documentation being issued in September. A number of contractors pre-qualified. These are Network Rail accredited bidders who expressed interest. Briefing sessions and tender questions are currently being answered. Site visits took place on 14th October, and representatives from c2c (train operator), AECOM (design consultant) and Thurrock Council were in attendance to answer questions arising.
- 4.2. The New Engineering Contract (NEC) 4 drafting for the detailed design and construction of the station has been completed and was included in the tender documentation for consideration of the bidding contractors.
- 4.3. At the September meeting an update was given on the GRIP (Governance for Railway Investment Projects) 4 progress which advised that all parties are working together to ensure all required documentation is agreed with Network Rail and c2c. The updated GRIP 4 was submitted to Network Rail and c2c at the start of September and Thurrock Council is awaiting a response. Thurrock Council and c2c have engaged in a deed of variation to extend the existing development agreement to the 30 November 2021. In the interim work is nearing completion on a new development agreement that will be valid throughout the life cycle of the project.
- 4.4. Table 2 shows the current programme for Phase 1, which is subject to confirmation by the successful contractor through the tender process.

Table 2: Updated Programme for Phase 1 (Station Upgrade)

Phase 1							
Task	Indicative dates						
Governance for Railway Investment Projects (GRIP) 4 sign off (Complete)	Sep-21						
Invitation to Tender (ITT) - Design and Build Contractor (Complete)		Sep-21					
Tender submission (Underway)			Dec-21				
Tender Evaluation Period				Dec 21 - Feb 22			
Contractor Appointed					Mar-22		
Design and Build Contract, (GRIP) 5-6						Mar 22 – Oct 23	
Project Completion GRIP 7-8							Oct 23 - Dec 23

4.5. Consultants were appointed to lead detailed discussions with Network Rail, c2c officers and suppliers to advise on timescales, contractual options and costs. A Bill of Quantities was developed for both the station design and options for the interchange facilities. This enabled a review of the project budget position with indicative costs for the project, to identify key risks, and to understand likely costs.

4.6. Given the importance of progressing the station improvements, reflecting the impact of Covid/Brexit on the supply chain and labour market, and appreciating the current inflationary economic conditions, Thurrock Council decided to procure the station improvements through a fixed-price contract. This minimises the risk to the Council and will mean that the contractors seek to ensure that potential risks to budget and programme are adequately catered for within their commercial considerations.

5. Phase 2 Multi-modal interchange – Updated Position

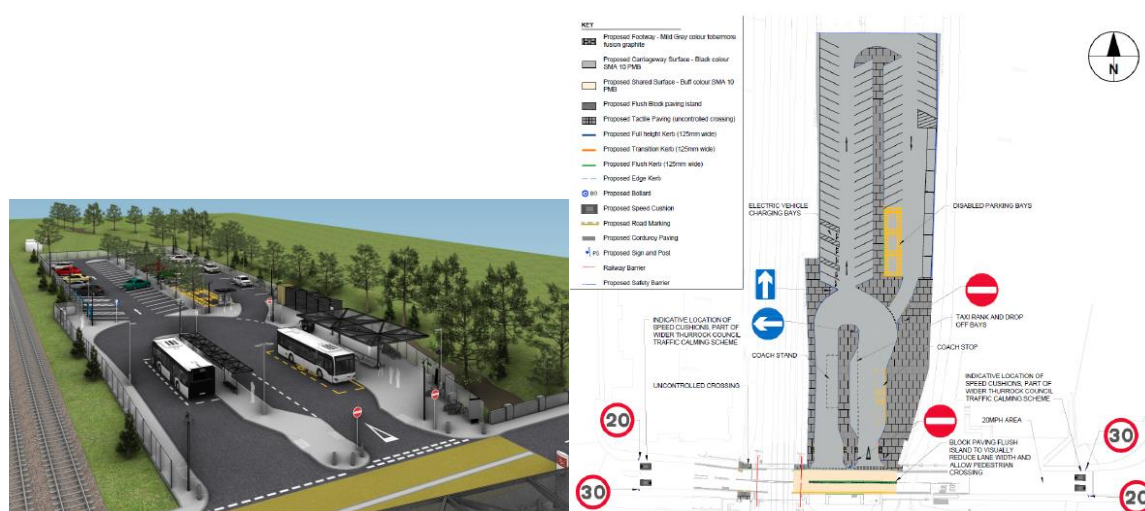
5.1. The Phase 2 site is situated to the north of London Road opposite the station. It is important to recognise that the improvements to the interchange as specified in the Business Case can be met in a number of different ways and is not dependent on delivering the scheme concept previously developed.

5.2. A scheme concept was previously designed, using land which comprised the existing station car park and the Daybreak Windows site that Thurrock Council acquired as part of its commitment to regenerate the station and environs (Figure 1). As is often the case with regeneration projects a number of constraints were identified which have subsequently influenced the design options. Flood risk constraints and significant changes in levels means that construction of the envisaged scheme is expensive. In addition, pre-application feedback from Thurrock Council's planning officers raised concern about safety and in particular the conflicts between vehicle, pedestrian and cyclist movements within a highly constrained street frontage with London Road. These concerns would need to be addressed prior to planning approval. Upon further investigation there is limited opportunity to address these issues within the curtilage of the site. The scheme would need to:

- 5.2.1. Cater for safe passage of pedestrians crossing the road to access other travel modes and the station along with origins /destinations in the hinterland;

- 5.2.2. Provide safe access to cycle parking for cyclists arriving from the east and west along London Road as promoted in Thurrock Council's active travel strategy;
- 5.2.3. Enable buses to right turn in, turn 360 degrees, layover and left turn out avoiding traffic congestion which occurs regularly due to closure of the level crossing;
- 5.2.4. Provide access to car parking and facility to drop passengers off;
- 5.2.5. Accommodate taxi waiting area.

Figure 1: Initial but now discounted proposal for the interchange



- 5.3. Thurrock Council remains committed to meeting the requirements of the original funding agreement providing the following improvements within the agreed timescales.
 - 5.3.1. 2 passenger drop off positions – provided within existing car park;
 - 5.3.2. 2 taxi rank positions – provided within existing car park;
 - 5.3.3. 84 secure cycle parking spaces – located in existing car park once temporary buildings have been removed following opening of new station;
 - 5.3.4. 2 drop off positions for a bus with waiting facilities – enhancements to the existing bus stops on London Road and Victoria Road used by the London Gateway /DP World Shuttle Bus and local commercial services.
- 5.4. It is conceivable that it will be possible to provide these facilities in parallel to the station improvements, however until the successful contractor has detailed, and Thurrock Council has agreed its programme (March 2022), it is proposed that it is prudent to provide a window of time after the expected opening of the station. This is reflected in a current estimate for completion of Phase 2 of July 2024. Consultation with key stakeholders is ongoing as are discussions with the Thurrock Council planning department to determine necessary planning requirements.

6. Costs and Funding Package

- 6.1. The costs associated with the scheme have increased as the Project has progressed. Following the demolition of the old railway station and installation of temporary facilities, site investigations, environmental constraints, and the practical considerations of construction made it necessary to make significant changes to the original design of the station. To expedite delivery of the station, land was acquired to the north of the station site. This was intended to assist with the development of a more strategic approach to area-wide regeneration including the opportunity for future improvements to sustainable movement and access. This land also assisted the constructability of the new station facilities whilst maintaining operability of the station. In addition to unforeseen regeneration complexities, costs have also been affected by inflationary pressures and the wider impacts of Covid-19.
- 6.2. In February 2019, a further £4m of capital funding was allocated to the project budget by Thurrock Council (included as part of the £15.72m, in Table 3) in recognition of their commitment to regeneration of the area.
- 6.3. At a meeting of their Cabinet in July 2021, Thurrock Council agreed 'The provisional assessment of the revised budget requires the current envelope to be increased by £10m to deliver the scheme. This remains an estimate which is now linked to a final proposed design and will be market tested through the subsequent and rigorous procurement exercise. The additional funding will ultimately bring a much improved design with additional benefits to users of the station and the wider community.'
- 6.4. The funding update provided to the Board in September remains the same (Table 3) but is subject to the completion of the tender process for Phase 1 and design discussions to detail the measures associated with Phase 2.

Table 3: Current Funding Profile

Source of Funding	Financial Profile £(m)					Total
	Spend to end 2020/21	2021/22	2022/23	2023/24	2024/25	
Thurrock Council		1.14	7.80	5.28	1.50	15.72
LGF	7.50					7.50
Other		3.79	0.55			4.34
S.106			0.92	0.61		1.53
Total	7.50	4.93	9.27	5.89	1.50	29.09

7. Next Steps

- 7.1. The Council will continue to develop its plans to provide interchange facilities in accordance with the original Business Case. In parallel it will continue its separate initiative to bring forward a future enhanced interchange scheme able to optimise additional benefits (Appendix B). The procurement of contractors for the station will progress with tender review and appointment of contractor to commence in March 2022.

- 7.2. A revised Business Case will be prepared and sent to SELEP for an assessment by the Independent Technical Evaluator (ITE) in conjunction with the timeline set out for the Board reporting for the April 2022 Board meeting.

8. SELEP comments

- 8.1. As set out in the Business Case, the Project has a key role to play in providing access to jobs at DP World London Gateway and Thames Enterprise Park and is expected to contribute towards the creation of 756 new jobs over the period to 2031.
- 8.2. A travel plan for DP World London Gateway formed part of the planning consent for development at the site, and this required a minimum of 10% of all employees to be non-car users. In order to achieve this target, it is anticipated that most non-car users will travel via Stanford le Hope station and therefore the successful delivery of the Project as set out in the Business Case is of high importance.
- 8.3. Phase 1 of the Project (the new station building) contributes to the realisation of the forecast benefits by increasing the capacity of the station, allowing additional users to be safely accommodated at peak times. However, to ensure full realisation of the forecast benefits and achievement of the objectives of the Project, it is critical that there is a high-quality multi-modal interchange at the station and that there are options available to employees and potential employees for onward travel to the key local employment sites.
- 8.4. The updated Phase 2 proposals outlined within this report appear to have a greater focus on improving existing facilities, rather than the provision of a new interchange as anticipated. There also appears to be no reference to improving facilities for pedestrians as was set out in the Business Case. A greater understanding is needed as to how the updated proposals, set out within this report, for Phase 2 of the Project will help to achieve the improved access to employment sites envisaged.
- 8.5. As set out in Appendix B, Thurrock Council do have ambitions to develop a wider scheme which maximises the regeneration benefits of the Project and which substantially enhances the attractiveness of sustainable transport modes to and from the station interchange. These proposals currently sit outside the scope of the original Business Case for the Project and will be delivered over an extended time period. Whilst these proposals offer clear benefits to the local area, confirmation is needed that the delivery of the wider scheme will not result in the removal of the LGF funded works in the near future. This would not be in line with the purpose of the LGF funding, which was to deliver long-term improvements which help to grow the local economy.
- 8.6. At the time of the LGF funding award (February 2017) it was expected that the Project would be completed by December 2018. As the Board are aware from previous updates, delivery of the Project has been delayed due to a number of factors, including the identified need for significant design changes, with an updated Project completion date of July 2024 outlined in this report.
- 8.7. The Business Case set out an expected timeline for the creation of the forecast new jobs and, at that time, it was expected that the first jobs would be created in 2016/17. As a result of the delay in project delivery, it is reasonable to assume that the realisation of the forecast

new jobs will also be delayed and this is reflected in the latest quarterly reporting by Thurrock Council which indicates that no new jobs have been created to date. It is recommended that a revised timeline for the creation of the forecast new jobs is provided at the February 2022 Board meeting.

- 8.8. As the Board are aware from previous updates, the cost of delivering the Project has increased significantly since submission of the Business Case. At the time of Business Case submission, the Project cost was reported to be £12.05m and, as set out in this report, the cost is now estimated to be £29.09m. The BCR set out in the Business Case was 9.4:1, however, in light of the significant cost increases reported, this needs to be revisited to ensure that the Project continues to offer High value for money.
- 8.9. In light of the increased project costs and the time which has passed since the preparation of the Business Case, a revised Business Case is required. As a minimum, the revised Business Case should address the increased costs, any amendments to the scope of Phase 2 of the Project compared to the original Business Case and should revisit the benefits to be realised as a result of the Project and provide an updated profile for the realisation of these benefits. The Business Case will also need to include an updated value for money assessment which demonstrates that the Project continues to offer High value for money.
- 8.10. There is the potential for a more comprehensive approach to be taken to the Business Case review, with the inclusion of the wider proposals for the Stanford le Hope area as outlined in Appendix B and for consideration of the changing context of the Project with the introduction of the Thames Freeport.
- 8.11. The revised Business Case will be subject to review by the ITE and will be presented to the Board by April 2022, alongside a further update on the Project.

9. Financial Implications (Accountable Body comments)

- 9.1. There continue to be a number of challenges to completion of the London Gateway/Stanford le Hope Project, albeit that the LGF has already been spent supporting delivery; this presents risks on assuring delivery of the expected outcomes and value for money, especially given the increase in Project costs and delivery challenges of the original Business Case.
- 9.2. To mitigate these risks, the Board is advised to keep under review the delivery progress of the Project and to take this into account with regard to any further decisions made in this respect. The proposed revised Business Case will assist in clarifying future proposals, costs and benefits; further the value for money assessment within the revised Business Case will be subject to independent technical evaluation, which will give the Board greater assurance in this respect.
- 9.3. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.

- 9.4. All LGF is transferred to Thurrock Council, as the Project's Lead Authority, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms.
- 9.5. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 9.6. Should it not be possible, for example, to secure realisation of the outcomes and benefits set out within the Project Business Case, there is a risk that the Project may no longer meet the conditions of the Funding Agreement. In these circumstances, the Board may consider recovering some, or all, of the £7.5m LGF allocated to the Project.
- 9.7. In addition, should any of the LGF spent on this Project have been used to fund any costs that are now abortive revenue costs, this will no longer meet the requirements of the Funding Agreement; in this circumstance, the funding may need to be returned or potentially reinvested in the Updated Business Case Project, subject to approval by the Board. Clarification on this position is being sought from Thurrock Council.
- 9.8. To mitigate these risks, the Board is advised to keep under review the delivery progress of this Project and to take this into account with regard to any further decisions made in this respect.

10. Legal Implications (Accountable Body comments)

- 10.1. The grant is administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and is required to be used in accordance with the terms of the Service Level Agreement between the Accountable Body and the Partner Authority.

11. Equality and Diversity Implications

- 11.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
 - 11.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - 11.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - 11.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3. In the course of the development of the project business case, the delivery of the Project and 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

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process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

12. List of Appendices

- 12.1. Appendix A – London Gateway/Stanford Le Hope Project Background
- 12.2. Appendix B – Phase 2 Local Regeneration Incorporating Enhanced Interchange

(Any request for background papers listed here should be made to the person named at the top 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)	 11 November 2021

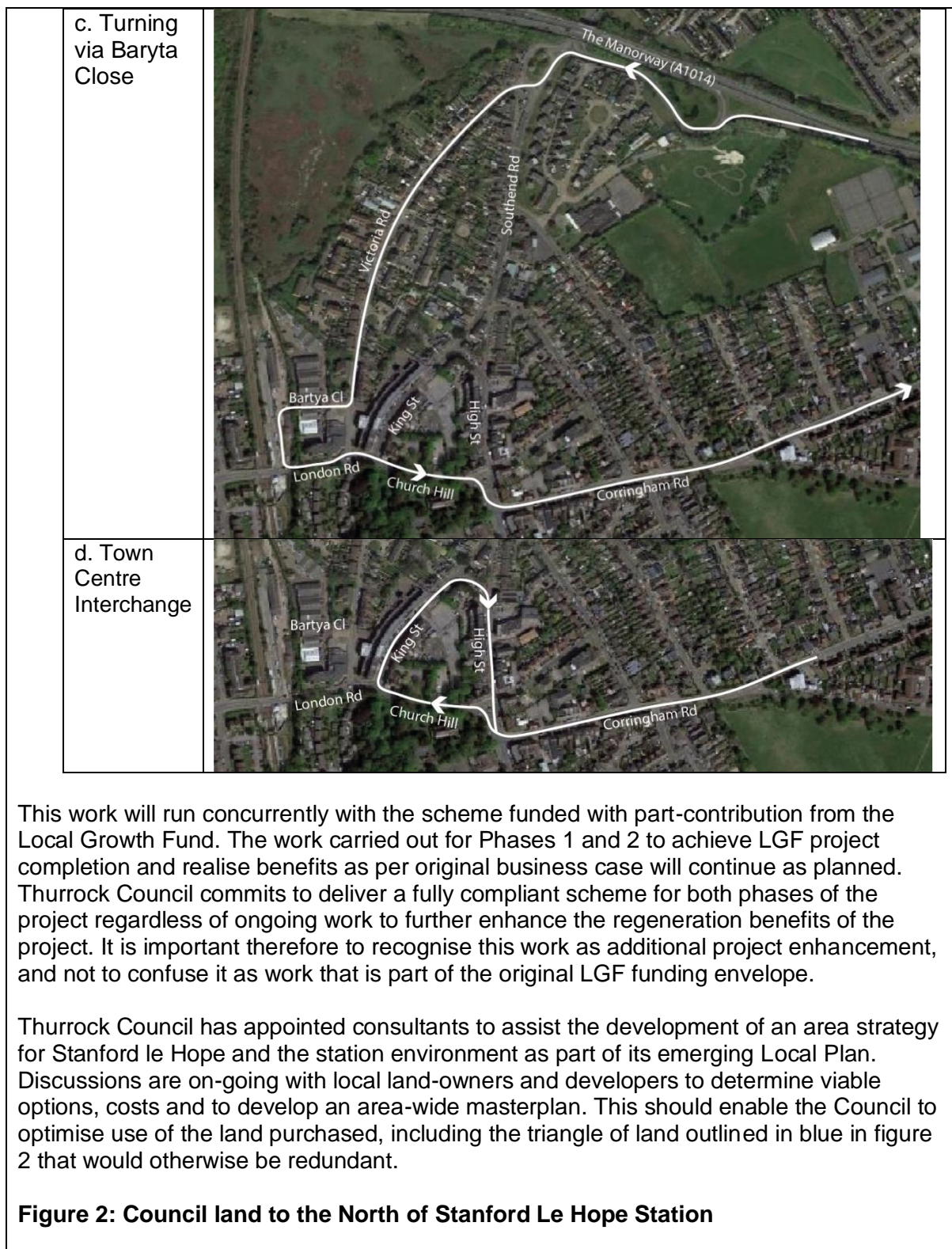
Appendix A – LGF Project Background Information

Name of Project	<p>London Gateway/Stanford Le Hope</p> <p>Thurrock Council</p>
Local Growth Fund (LGF) allocation	£7.5m (awarded February 2017)
Description of what Project delivers	<p>On the north banks of the Thames Estuary in Stanford-le-Hope, Essex, London Gateway is the UK's newest and most technologically advanced deep-sea container port catering for global shipping. Once fully developed, London Gateway will comprise six deep sea shipping berths alongside Europe's largest logistics park comprising up to 830,000 square metres of 'B' class warehouse floorspace. In total DP World London Gateway is anticipated to generate approximately 12,000 direct jobs (on-site) with a further 24,000 indirect jobs created within supply chains.</p> <p>DP World London Gateway is remote from the Thurrock Urban Area and accessibility will be an issue for prospective employees without access to a car. Ensuring a sufficient labour supply and good job/skills matching will be critical for not only realising the growth but sustaining the jobs in the long term by maximising productivity. It is therefore necessary to ensure that high quality accessibility is provided by non-car means through better bus facilities in Stanford-le-Hope and high-quality rail/bus integration to attract employees. In addition, good quality passenger transport facilities and bus/rail integration will be necessary to achieve the modal split targets for the development.</p> <p>The project scope will consist of a new multi-modal interchange and station buildings.</p> <p>The new multi-modal interchange will provide:</p> <ul style="list-style-type: none"> • 2 car passenger drop-off positions with landing island; • 2 taxi rank positions with landing island and shelter; • Protected pedestrian walking routes and desire lines; • 2 drop off and 1 pick-up position for a 12m rigid bus (allowing for double-decker) with waiting facilities; and • 84 new secure cycle parking spaces. <p>The new station buildings will:</p> <ul style="list-style-type: none"> • Target a BREEAM Excellent rating; • Adopt best practice station design to develop a carbon neutral station. Station design should include LED lighting, heat pump, heat recovery, rainwater harvesting and be thermally efficient; • Offer increased and integrated waiting facilities with customer information systems; • Include passenger toilets, a commercial retail facility, widened Platform 1 with covered waiting areas, integrated passenger footbridge with lifts and level access from London Road to both station buildings and to the platforms;

	<ul style="list-style-type: none"> • Offer provision for electric pedal bike hire scheme and charging points and real-time customer information system for shuttle bus services to external waiting shelter and internal railway station waiting area.
Project benefits	<p>The project will:</p> <ul style="list-style-type: none"> • Develop an interchange that will connect bus, rail, cycle, taxi and pedestrian modes of transport at Stanford-le-Hope station; • Expand capacity at Stanford-le-Hope station turnstiles; • Implement a package of works that meets the requirements of travel plans for London Gateway and unlocks the next phase of development at London Gateway; • Provide improvements to public transport infrastructure and service reliability to new housing developments and to the major employment growth sites at London Gateway/Coryton; and • Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange.
Project constraints	<ol style="list-style-type: none"> 1. Planning Permission is not in place for all elements of the project (Phase 2); 2. Work is ongoing to confirm that a full funding package is in place.
Link to Project page on the website with full Business Case	https://www.southeastlepp.com/project/london-gateway-stanford-le-hope/

Appendix B – Phase 2 Local Regeneration Incorporating Enhanced Interchange

<div> <div>London Gateway/Stanford Le Hope</div> <div>Thurrock Council</div> <div> <p>The Council remains cognisant of the opportunity to significantly improve the regeneration benefits of the scheme, as set out in the business case, by approximately 40% through the development of a movement and access strategy that substantially enhances the attractiveness of non-motorised modes to and from the station interchange.</p> <p>Key to this is the opportunity to route buses to provide attractive advantages over car use. As part of its bus improvement strategy the Council is currently reviewing the viability of a number of options as illustrated in Figure 1.</p> </div> </div>	
<div>Figure 1: Bus access options under consideration</div>	
<div>a. London Road Access Only</div>	
<div>b. Dedicated Busway</div>	





In developing a strategic masterplan for the area, the Council is investigating options to:

- Deliver efficient bus services providing attractive interchange between the station, local residential areas and key areas of employment, particularly DP World /London Gateway;
- Widen the London Road bridge across the brook to widen pavement and options for improved cycle access;
- Provide high quality segregated active travel (cycling /walking) links to the station linking substantial new development sites to the north, and via Baryta Close;
- Improve safety of London Road, particularly the frontage outside the Station, through the development of an environmental scheme emphasising a sense of place;
- Consider parking requirements close to the station prioritising those with greatest need and doing so in a safe manner seeking to avoid conflicts with other users. Develop a more holistic approach to parking considering commuter and retail parking as part of the local regeneration strategy;
- Link the station to employment areas within a 15-20min cycle, including DP World and London Gateway, via high quality dedicated cycle infrastructure;
- Provide high quality cycle parking and changing facilities that encourage greater use of bicycles to access the station;
- Cater for future mobility requirements, including electric charging infrastructure for cars, bikes, and scooters;
- Optimise value from the land, balancing environmental considerations, with ability to create attractive and function place connecting and enhancing the town centre and station environment.

The financial viability of proposed improvements is key to effective regeneration and the Council is exploring a range of options, including development agreements, developer contributions, and government funding.