

Template for additional funding ask for Getting Building Fund (GBF) projects

Project name	Thanet Parkway Railway Station
Responsible Upper Tier Local Authority	Kent County Council
Organisation responsible for project delivery	Kent County Council
Federated Board	Kent and Medway Economic Partnership
Project description	A new railway station on the Ashford International – Ramsgate railway line at Cliffsend with associated level crossing/signalling upgrades to improve accessibility to rail in Thanet, which is a historically economically disadvantaged part of the county.
Existing GBF allocation	£11.999m
GBF spent to date	£11.999m
GBF committed to date	All spent
Additional GBF sought	£875,000
Why is additional GBF investment required? <i>This should clearly explain how the COVID-19 pandemic, Brexit or current high inflation levels have impacted on the project.</i>	<p>Thanet Parkway entered its delivery phase in 2020, with planning consent granted in September 2020 during the COVID-19 pandemic. This allowed the enabling works to progress ahead of the design and construction contracts (station delivery and level crossing/signalling) with Network Rail being negotiated and signed in 2021. Unfortunately, at that time the station/car park part of the Implementation Agreement was hit by cost increases, including due to inflationary pressures. Specifically market-led changes at that time totalled £330k due to increases in the cost of steel by £114k (a commodity that had a price significantly fluctuating daily at the time and had experienced a 25% increase in the preceding 6 months), £117k increase for the acoustic barrier, and £76k increase in the cost of hoarding. The total cost increase following the recosting of the GRIP 5 – 8 works totalled in excess of £5m.</p> <p>More recently, the soft landscaping costs also increased as a result of market forces with so many major construction projects requiring the same resources (such as High Speed 2). The COVID-19 pandemic also impacted the costs of the archaeological excavation as additional staff welfare provision was needed on site to reduce occupancy levels. Additional cleaning and hygiene requirements were also required by all contractors. A further impact as a result of COVID shutdowns in China has been the reduced supply of microchips, which has increased procurement lead times for the station Help Points, Customer Information Screens and most recently the control systems for the lighting on the cycleway. This has necessitated the installation of photocells on the lighting as an interim measure at additional cost as the required equipment now has a lead time of 12 months, which is unprecedented in the industry.</p>

Other factors have also increased the cost of the project, ranging from design-led changes driven by the rail industry and safety considerations, to issues emerging beyond the scope of contingency allowance (such as poor ground conditions needing multiple tonnes of stone to be shipped in from Norway), to continuous winter storms and a scale and significance of finds well beyond any reasonable expectations affecting the duration and extent of archaeological excavations.

Most recently (August 2022), Network Rail have advised Kent Council County of a requirement to increase the total project costs again primarily as a result of the recent procurement for the level crossing works. In 2021, Network Rail were only able to procure a GRIP 1 – 4 contract (outline design) as the provider (Atkins) would not commit to whole project costs given the rapidly changing situation in the construction industry and ongoing uncertainty with COVID. Therefore a contingency was allowed in the Implementation Agreement. The GRIP 5 – 8 (detailed design and construction) price has now been received and it exceeds that contingency. We await further details from Network Rail but we understand the exceedance is significant.

Timeline of cost increase:

- February 2021 - £5.8m due to design development and necessary changes to scope (such as planning constraints), market-led changes, changes to 3rd party prices (such as UKPN), increased scope of archaeology/weather impacts on excavation. **Met by Kent County Council.**
- November 2021 - £1.7m due to further design work and significantly the soft landscaping scheme due to limited suppliers. **Met by Kent County Council.**
- August 2022 – figure yet to be advised due to level crossing works. **Subject to this GBF request.**

Additional funding is now required to secure the benefits of the station project by safeguarding the level crossing works. We are asking for £875k, which represents just 2% of current station costs (note that this will be less when accounting for the forthcoming revised costs).

Kent County Council has been proactive in seeking alternative sources of funding, such as an increase on the New Stations Fund 3 contribution to the project, but has not been successful.

The station/car park are at the end of GRIP 6 and so the asset is in place. The level crossings are

at GRIP 4 and yet to go through the detailed design and installation. Based on performance to date from Network Rail it is possible that further increased expenditure could yet be requested of Kent County Council.

What are the implications for the project, and its' ability to deliver in accordance with the Business Case, if additional funding is not awarded?
This should set out whether the project will be able to proceed without additional GBF investment. It should also be clear as to whether elements of the project scope set out within the Business Case will not be able to proceed and the associated impact on forecast project benefits

The project is proceeding in line with the Business Case but the financial resources required from Kent County Council have been beyond what was forecast and that has implications for the Authority's capital and revenue provision elsewhere. Specifically to the project, without additional funding there is a risk that the level crossing works cannot be secured, which would prevent the station from opening.

What are the main project risks impacting the ability of the project to proceed?

The station and car park are predominantly completed. The main risks now sit with the level crossing and signalling work that is a safety-led requirement to enable the station to open to passengers. There are risks to the funding required given the inflationary pressures across the industry (as set out above). Additionally there have been risks to the procurement of equipment given the microchip issues, and risks to the delivery timescales given conflicting track works due to take place around the same time.

Kent County Council has been informed that the equipment is now secured and they are working on a suitable solution for the railway possession requirements for all work on the network, subject to confirmation from Southeastern. Consequently, the current expectation is for the station to open on 22nd May 2023, provided the remaining work can be funded.

If additional funding is awarded to the project, are there any remaining barriers to project delivery?

No. If the other works on the line cannot be deconflicted then the opening would potentially be delayed but as the new stop will be in the timetable from December 2022 it would not require a delay to the next timetable change (i.e. May 2023 could become June 2023 but would not have to wait until December 2023).

If additional funding is awarded to the project, will it be possible for the GBF funding to be spent in full by 31 March 2023?

Yes, the project is forecast to spend significantly on the level crossing works this financial year.

Please provide the most up to date delivery programme for the project, ensuring that this covers all elements of the project as set out in the Business Case.

Milestone/Activity	Expected Completion date
GRIP 2 Sign Off	08/11/2014 (complete)
GRIP 3 Sign Off	17/08/2017 (complete)
GRIP 4 Sign Off	22/11/2019 (complete)
Revised Planning Application Submission	15/11/2019 (complete)
Planning Determination	02/09/2020 (complete)
Land Acquisition Complete	30/12/2020 (complete)
GRIP 5 Sign Off	25/07/2022 (complete)
GRIP 6 Advanced Works	01/02/2021 (complete)
Junction construction	30/07/2021 (complete)
GRIP 6 Implementation	31/08/2022
GRIP 7 Project Handback	14/12/2022
Level crossings GRIP 5	27/01/2023
Level crossing commissioning date	13/03/2023
Level crossings GRIP 6	27/06/2023
Station open	22/05/2023

What was the value of the Benefit Cost Ratio included in the original Business Case approved by SELEP?

As a result of the method used to treat post-refranchising revenue as a positive cost rather than a benefit, the PVC is presented as a negative where the revenue exceeds the PVC. As a result, calculating the BCR using the standard method would result in a negative BCR and as such does not provide an accurate measure. In this instance the most appropriate value to indicate the benefit of the scheme would be the Net Present Value (NPV). A positive NPV demonstrates a positive return resulting from the investment provided by the scheme, the higher the value the more benefit the scheme results in.

The Value for Money (VfM) statement for Thanet Parkway in the approved business case was **Very High (and Financially Positive)**.

What is the expected impact on the Benefit Cost Ratio of the additional GBF funding sought? *This should also take into account the impact of any other public sector funding which has been added to the project budget since Business Case approval.*

When the initial cost increases occurred, Kent County Council commissioned Stantec to run higher values of scheme costs to identify at which point it would no longer be in the Very High (and Financially Positive) VfM category i.e., the Present Value of Cost (PVC) ceases to be negative. For tests where the PVC is positive, the Benefit to Cost Ratio (BCR) is the parameter used to measure the value for money category of the scheme. The BCR is the ratio of the scheme's Present Value of Benefits (PVB) to the Present Value of Costs (PVC). A BCR of 2 and

above is considered to show a good return on investment yielding at least £2 in benefits for every £1 invested. Therefore, the testing also identified the scheme costs at which the VfM has a BCR value of 2 (High VfM). Above this cost, the scheme BCR would fall below 2 and the scheme would not offer High VfM. A BCR of 2 is the lower limit of the High Value for Money category.

Through an iterative process, it was estimated that the scheme would cease to have a negative PVC when the scheme costs were of the order of £50m and that at about £54.2m the BCR would fall below 2.

The cost increases experienced to date have therefore not impacted the Value for Money of the scheme.

The Benefits Realisation Plan and subsequent Baseline Monitoring Report set out the outputs, outcomes and impacts planned to result from the Thanet Parkway Project. The outputs, namely the station and its component parts, are now largely in place pending opening.

The outcomes are:

1. Accelerate the pace of housing delivery in Thanet.
2. Stimulate the creation of additional jobs.
3. Additional passenger boardings.
4. Improved journey times from Thanet.
5. Enhanced connectivity between areas of deprivation and employment

The impacts are:

1. Sustainable access to the station.
2. Positively contribute to economic growth by attracting higher skilled workers to the area.
3. Increased attractiveness of the area to prospective residents.
4. Increased attractiveness of areas to developers.
5. Decreased deprivation.

The impact of the new station on housing delivery and increased attractiveness of the area to prospective residents and developers can already start to be seen on the ground through the increased applications and consents for housing within the local area, as well as the fast rate of occupancy of those new homes.

Summary of project benefits

Have the project benefits changed since the original Business Case was approved by the Accountability

No changes.



<p>Board? <i>If yes, please state the nature of these changes and the likely impact on the Value for Money offered by the project</i></p>	<p>However, the increased scope of the archaeological findings will bring further benefits to the area through the increased knowledge and understanding of this potentially nationally significant site and its contribution to the historical records for Thanet.</p>
<p>Please detail the additionality which will be achieved through the award of additional GBF funding. This should include reference to any elements of the original project scope which it will not be possible to deliver without additional GBF funding or any additional work that needs to be completed to facilitate realisation of the forecast project benefits outlined in the Business Case.</p>	<p>The additional GBF funding will ensure full delivery of the project scope by ensuring the financial resources are in place to deliver the level crossing and signalling works, which are essential for the station to open thus securing the realisation of the project's benefits.</p> <p>The funding will also help to safeguard the full completion of the archaeological excavations and post-excavation analysis that will bring further benefits to the local area, as well as increased employment and safeguarding of jobs from Thanet Parkway beyond what was originally forecast due to the scale of the excavation.</p> <p>Further, the East Kent Spatial Development Company funding contribution is no longer forthcoming so the award of additional GBF would support the proposed original funding mix between Kent County Council and other bodies.</p>



Original funding breakdown (as per the original Business Case) (£m)

Funding source	2019/20 and prior	2020/21	2021/22	2022/23	2023/24	2024 onwards	Total
Getting Building Fund	£0	£6,514,389	£5,484,611	£0	£0	£0	£11,999,000
Local Growth Fund	£1,842,286	£0	£8,066,466	£4,091,248	£0	£0	£14,000,000
Kent County Council	£0	£0	£0	£4,658,592	£530,612	£624,527	£5,813,731
East Kent Spatial Development Company	£0	£0	£0	£700,000	£0	£0	£700,000
Thanet District Council	£0	£0	£0	£2,000,000	£0	£0	£2m
Total	£1,842,286	£6,514,389	£13,551,077	£11,449,840	£530,612	£624,527	£34,512,731

Updated funding breakdown (including additional GBF funding request) (£m)

Funding source	2019/20 and prior	2020/21	2021/22	2022/23	2023/24	2024 onwards	Total
GBF	£0	£3,162,699	£8,836,301	£875,000	£0	£0	£12,874,000
LGF	£0	£0	£14,000,000	£0	£0	£0	£14,000,000
KCC	£1,842,286	£0	3,691,127	4,820,443	606,936	624,527	£11,585,319
EKSDC	£0	£0	£0	£0	£0	£0	£0
TDC	£0	£0	£0	£2,000,000	£0	£0	£2,000,000
NSF3	£0	£0	£0	£3,400,000	£0	£0	£3,400,000
Total	£1,842,286	£3,162,699	£26,527,428	£11,095,443	£606,936	£624,527	£43,859,319

Please note: this update does not reflect further cost increases due to the level crossing. Network Rail have sent a letter to Kent County Council on 17th August 2022 stating that the costs are increasing further which will result in further expenditure this financial year. Kent County Council is awaiting further details from Network Rail to confirm the extent of this most recent cost increase.



Sign off of additional funding ask– required from lead County/Unitary Authority

Dear Colleague,

In submitting this project application for additional GBF, I confirm on behalf of Kent County Council that:

- The information presented in this application is accurate and complete as at the time of writing.
- The application states all substantial project risks known at the time of submission.
- The delivery body has considered the public sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.
- The delivery body has access to the skills, expertise and resource to support the delivery of the project
- Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting
- The project will be delivered under the conditions in the signed GBF Service Level Agreement with the SELEP Accountable Body and SELEP Ltd.

I note that the information presented in this application will be presented in the public domain as part of the Strategic Board's prioritisation of projects. Any information presented in this application which is considered commercially sensitive and confidential has been highlighted as such within this application.

Yours Faithfully,

S151 Officer (for County/Unitary authority)

Name	John Betts
Signature	
Date	26/08/22

Senior Responsible Officer

Name	Lee Burchill
Signature	
Date	25/08/22