

REGENERATION, CULTURE AND ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE

23 MARCH 2021

UPDATE ON THE HOUSING INFRASTRUCTURE FUND PROGRAMME

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Summary

This paper updates Members on the Housing Infrastructure Fund (HIF) bid and covers developments of the road, rail and environment infrastructure, and the first round of HIF consultation.

1. Budget and policy framework

- 1.1. HIF is a capital scheme of £170m allocating £86m to road schemes, £64m to rail improvements and £14m to environmental measures. This spend is claimed retrospectively from Homes England, with total current claims (August to January 2021) valuing £4.6m. The HIF scheme is working to a deadline set by government of 31 March 2024.
- 1.2. The HIF scheme is core to the delivery of sustainable development of 10,600 homes on the Hoo Peninsula. This potential development will be masterplanned in the Hoo Development Framework, which will be a part of the evidence base for the Local Plan and the Council's policy framework.
- 1.3. On 7 April 2020, Cabinet agreed to delegate authority to the Director of Place and Deputy Chief Executive, in consultation with the Leader, to enter into the negotiated HIF Grant Determination Agreement (GDA) and to carry out all pre and post-commencement conditions. The GDA was signed in July 2020.
- 1.4. This report has been circulated separately to the main agenda as it was necessary to undertake further work to finalise the report. The Chairman of the Committee is of the opinion that it should be considered at this meeting as a matter of urgency as permitted under section 100B of the Local Government Act 1972 to enable the Committee to consider this important issue in a timely manner, noting that the first stage of HIF consultation commenced on 11 January 2021 and finishes on 6 April 2021. The next scheduled meeting of the

Regeneration, Culture and Environment Overview and Scrutiny Committee is not until 10 June 2021 (this date is provisional).

2. Background

- 2.1. In November 2019, Homes England confirmed that Medway's HIF bid had been successful. Two letters of support through the bidding process had been submitted by all three of Medway's Members of Parliament and were a pre-requisite for Homes England's final decision to award the funding. There followed a mobilisation period of seven months to complete the Grant Determination Agreement, which is the legal contract between the council and Homes England. During this mobilisation phase, work continued on the development of the road, rail and environmental schemes. This was to ensure that projects could be delivered by 2024.
- 2.2. The HIF funding package supports the delivery of the essential infrastructure which will enable emerging proposals for 10,600 homes to come forward. The decision to award HIF funding does not pre-determine the outcome of the planning process.
- 2.3. The HIF proposals are intended to address the challenge of getting on and off the peninsula by providing three ways on and three ways off (the proposed new link road connecting the A289 to A228, the existing but improved Four Elms Hill junction and the new rail passenger service). This is in addition to the improvements being planned for Bells Lane, Ropers Lane and Main Road junctions.
- 2.4. These proposed investments to improve accessibility to and from the peninsula are planned to be in place by 2024. The proposed environmental improvements will create new open spaces that will support wildlife, landscape features and, where appropriate, new footpaths and cycleways. These will complement the existing footpath network and support walking and cycling around the peninsula for both existing and new residents.
- 2.5. A dedicated HIF team was established in August 2020 with leads working on road, rail and environmental matters. Externally funded resource has been secured to support the financial claims process and to sustain liaison with Homes England on the Grant Determination Agreement's milestones, programme and cash flow. The continued development of the road and rail interventions has ensured that the road designs have reached their design freeze in January 2021 and the rail has completed Governance for Railway Investment Projects (GRIP) 2 and commenced GRIP 3 (Options). The HIF environmental scheme has seen the development of the 50ha Cockham Community Parkland for which the planning application was submitted in January 2021.
- 2.6. **Consultation and Engagement update:** The first stage of HIF consultation commenced on 11 January 2021 and finishes on 6 April 2021. This is a four-week extension to the previous end date of 8 March. The consultation forms a key component for the rail's Transport and Works Act Order approach. For

road and Strategic Environmental Management Scheme (SEMS), the consultation feedback will continue to inform the schemes. Leaflets to ensure residents are aware of the consultation process and how to get involved were sent to every household on the Peninsula as well as parts of Strood North Ward and urban areas of Strood Rural Ward. An online brochure on road, rail and environmental infrastructure has been produced to provide more detailed information on the schemes. This is annexed to this report. After the close of public consultation, a summary of responses will be created in the form of a Statement of Community Involvement.

- 2.7. **Legal update:** Land Referencing is now complete and is supporting the engagement of those landowners receiving correspondence on legal letters matters relating to possible Compulsory Purchase Orders and the need to access sites for environmental surveys. Conversations continue with the Defence Infrastructure Organisation concerning developments adjacent to their operational land.
- 2.8. **Rail update:** for operational reasons, the proposed station at Sharnal Street has been relocated 500m to the east. Also, reflecting on comments on demand from Network Rail and the franchisee, the rail curve connecting the Grain Freight Line to the North Kent Line has been removed from HIF. The train service continues to support a peak period two hourly service to London Charing Cross via Gravesend. More details on the rail scheme are available in the annexed HIF Brochure. Medway Council undertook a high level demand analysis with rail stakeholders to ascertain whether the proposed infrastructure would be able to meet the current passenger demand. Through this analysis it was determined that there was not enough demand for a local Medway service that would make it viable at this stage without a substantial subsidy. In time as the demand grows with the potential development of housing this may change and would be dependent on additional funding available in the future at the appropriate time. It was therefore determined that the curve be removed at this stage with passive provision made for the curve should demand increase in the future years, allowing the potential for this to be delivered as a later phase.
- 2.9. **Road update:** Reflecting the change of station location, the road team have worked up new plans for a road connecting the station to the Stoke Road / Ropers Lane roundabout. The road team has also started a feasibility study on a 'green bridge' across the Peninsula Way north of the Main Road roundabout. More details on the road scheme are available in the annexed HIF Brochure.
- 2.10. **Local Plan update:** The HIF programme forms an important building block for Medway's future, in delivering major transport upgrades that address existing constraints, and securing green networks that strengthen the resilience of our local environments for wildlife and people. This investment supports the evidence base for the new Medway Local Plan, and in preparing a strategy for managing Medway's growth over coming decades. The Council will be publishing the draft Local Plan for representations later this year. The draft plan will include a spatial plan allocating land for development and policies for

delivering sustainable growth. The Council's Planning Service is working with the Regeneration Delivery Service to set out further guidance on potential development on the Hoo Peninsula, as part of wider work on the Local Plan. A Hoo Development Framework will set out a masterplan for growth around Hoo St Werburgh, and planning and design principles, with details of wider infrastructure and services needed arising from new housing.

3. Risk management

- 3.1. The HIF team has Risk Management embedded into the schemes' Baseline Review, with risks captured across all three programmes. Risks are also addressed in the road, rail and SEMS dashboards.
- 3.2. The risks associated with delivering the Grant Determination Agreement are as follows:

Risk	Description	Action to avoid or mitigate risk	Risk rating
Cost overrun	The budget is £170m, funder has made it clear that any cost overruns will not be met by the HIF.	All the projects have a 24% costed risk to allow for future unknowns. As part of the business case submitted to MHCLG designs and costs were submitted giving a degree of certainty around the budget. There is a robust project and budget management process with appropriate levels of approval via agreed officer and Member groups.	D2
Programme overrun	Funder has set a stop dead date for full budget spend and completion by 31 March 2024. The Covid-19 outbreak and related government guidance may have implications	Original programme at the EOI stage was for 31 March 2023 which the Council could achieve but was challenging. The option to extend it to 2024 was proposed for all HIF bids by	D2

Risk	Description	Action to avoid or mitigate risk	Risk rating
	for contractor programmes. If, and how, government may flex delivery timescales in response remains to be formalised.	MHCLG which Medway has taken. This now gives circa 9 to 12 months flex on the current programme across all projects. Regular meetings with Homes England (HE) enables officers to update HE on progress and programme.	
Covid-19 Impact on resourcing	Potential delay to meeting conditions necessary to complete GDA and deliver project for Council, funder, private sector and stakeholders.	Medway continues to assess resources required to sustain pace on delivery with SLA's in place and recruitment of essential staff. This team will continue to deliver and identify any resource issues in the delivery chain. Catch-up meetings with the funder are in place every week, both parties will have the opportunity to flag any issues and deal with appropriately.	E3

4. Consultation

- 4.1. Further to paragraph 2.6 in this report, the first round of HIF consultation commenced on January 11 and will run for 12 weeks, finishing on 6 April 2021. During the HIF consultation period virtual meetings have been arranged for Parish Councils, Ward Councillors and Statutory Consultees. In addition, three virtual meetings have also been arranged with residents. Further consultation on rail, road and SEMS will take place during their consenting processes (Rail – Transport Works Act Order, Road – Side Roads Orders and SEMS – planning application). Feedback on the first round of consultation will

be presented in the form of a Statement of Community Involvement. This will be based on the analysis of the online HIF questionnaire.

5. Climate change implications

- 5.1. The HIF scheme is informed by a suite of environmental and ecological strategies. The Cumulative Ecological Impact Assessment (CEIA) assesses the impact of delivery of the HIF infrastructure and possible growth options and proposes a strategy based on the National Planning Policy Framework's hierarchy of avoid, mitigate, compensate, and enhance in relation to biodiversity. The HIF's Strategic Environmental Management Scheme is in place to deliver on relevant mitigation and compensation opportunities. In addition to the CEIA, separate Environmental Impact Assessments will be completed for road and rail interventions. These will result in an Environmental Statement covering noise, dust, light, air quality and other issues such as ecological and heritage matters.
- 5.2. SEMS will contribute significantly to the delivery on the ground of two key Climate Change action areas – the Green and Blue Infrastructure Framework and the Tree Strategy.

6. Financial implications

- 6.1. Following the award of £170million HIF grant funding, this was agreed by Full Council on 23 January 2020 as an addition to the capital programme. The full capital allocation of £170million is funded by HE, however if an overspend was to occur, the Council will be required to fund the first 1% from its own resources. At this stage of the project no overspend is anticipated.
- 6.2. As stated in the Risk Management section, the funder has been clear that any cost over runs will not be met from any additional grant monies but will need to be covered by Medway Council.
- 6.3. The Council has set out in its recovery strategy which forms part of the Grant Determination Agreement the policy for dealing with any cost overruns and this is summarised in Appendix 2.

7. Legal implications

- 7.1. The continued development and delivery of the HIF scheme will accord with council procedures and governance, and with the Grant Determination Agreement. Officers meet regularly with Homes England on the schedules of the Grant Determination Agreement and have agreed a Baseline Report covering milestones and cash flows. The HIF Members Advisory Board meets quarterly to monitor and steer HIF's progress.

8. Recommendations

- 8.1. The Committee is requested to note the report.

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Appendices

Appendix 1: HIF Consultation Brochure

https://www.medway.gov.uk/downloads/download/609/housing_infrastructure_fund_consultation_documents

or to visit the web page at www.medway.gov.uk/futurehoo

Appendix 2: Recovery Strategy (Summary) - New Routes to Good Growth

Background papers

None