

REGENERATION, CULTURE AND ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE

14 OCTOBER 2021

HOUSING INFRASTRUCTURE FUND: NEW ROUTES TO GOOD GROWTH

Report from: Richard Hicks, Director of Place and Deputy Chief Executive

Author: Sunny Ee, Assistant Director Regeneration

Summary

The Regeneration, Culture and Environment Overview and Scrutiny Committee meeting on 23 March 2021, considered a report providing an update on the Housing Infrastructure Fund (HIF) programme. The report set out information on the development of the road, rail, and environmental infrastructure. The report also informed the committee of the Deep Dive review of the programme which took place in July 2021. During the Deep Dive it was found that an extra year would be beneficial to the quality of Medway Council's delivery of the HIF scheme. Homes England have given their approval to the additional year for the programme. This matter has now been considered by the Cabinet on 28 September 2021.

The Council has made significant progress in the delivery of the Housing Infrastructure Fund: New Routes to Good Growth Programme. Key achievements include: the completion of preliminary designs for the highway infrastructure, the commissioning of the Governance for Rail Investment Projects (GRIP) 3 Option Study for rail infrastructure, the completion and consultation upon the Scoping Report for the Cumulative Environmental Impact Assessment which is now directing the Strategic Environment Impact Assessment (SEIA) work stream, the development of the Strategic Environmental management Schemes (SEMS) Strategy, formation of a Property Cost Estimate, ongoing discussions with effected key freeholders and leaseholders; and extensive public consultation. This progress has been underpinned by the formation of a robust and highly skilled delivery team and the extension of the HIF programme until March 2025.

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 £7.2m. The HIF scheme is working to a deadline agreed with Cabinet and government of 31 March 2025. Members are asked to note the progress being made to deliver the HIF programme. There are no decisions required from this report.

2. Background

- 2.1 The paper examines each element of the HIF programme, including the extension of the HIF programme to March 2025; the council's land acquisition programme and has a particular focus on the outcome of the recent consultation. Key achievements in the delivery of the HIF programme, include:

- The development of the Strategic Environmental Management Strategy (SEMS).
- Planning permission granted to create Cockham Community Parkland a new community park covering 127.75 acres (51.7ha) of land to the south of Hoo St Werburgh and the east of Chattenden.
- The consultation, final drafting, and completion of the Cumulative Environmental Impact Assessment (CEIA), which is now informing the Strategic Environmental Impact Analysis (SEIA) the Environmental Impact Assessment (EIA) and the SEMS work streams.
- The commissioning of the study to deliver Governance for Railway Investment Projects (GRIP 3) for rail infrastructure.
- The completion of preliminary designs for the highway infrastructure.
- Formation of a Property Cost Estimate for the HIF project.
- Ongoing discussions with affected key freeholders and leaseholders.
- Extensive public consultation including further engagement in November.

3. Programme

- 3.1 The HIF programme ensures that the all-important infrastructure will be in place by 2025 ahead of enabling the potential development of up to 10,600 new homes on the peninsula by 2037. The housing target is part of the Government's requirement for Medway Council to deliver 26,962 new homes across all of Medway, which is being considered as part of the Local Plan process.

- 3.2 Officers led a review of the onward programme. This report updates Overview and Scrutiny on the outcome of that review and discussions with Homes England's over a one-year extension to the HIF Project. Previously concluding in March 2024; the HIF project would now run until March 2025. The additional year to the delivery programme will create benefits and opportunities across the HIF Projects.
- 3.3 With the slightly extended programme there will be more time to acquire land for highways and a reduction of risk by doing so through agreement. The opportunity remains to work with landowners to ensure the highway improvements work well with their emerging masterplans.
- 3.4 A detailed review of the EIA programme and highway requirements has taken place and agreement on the final red line boundary has been reached for phases 3 – 6. Land acquisition plans will be finalised in September 2021.
- 3.5 The additional year provides a higher level of certainty on the rail aspects of HIF, therefore allowing for a greater understanding of potential opportunities for the rail service which will further enhance the passenger experience. Time has been allocated to value engineering and procurement to obtain the best possible value and reduce the programme and cost risks where possible. Officers are focusing on preparing the planning documents, including the TWAO and EIA, which will ensure that there is less likelihood of objections. The programme allows for a better understanding of freight growth and rail uptake post COVID which will help refine the service modelling. Furthermore, the team are developing optimised crossing solutions and more information available from other installations, costs can be driven down whilst increasing safety.
- 3.6 The start of work for Phase 2 SEMS was held until after the production of the CEIA, this meant that time was not wasted developing ideas on land that may not have been identified as suitable for habitat creation and Biodiversity Net Gain in the CEIA. The programme means that work on SEMS Phase 2 can follow REG19 and the Hoo Development Framework adoption, which sets the Phase 2 areas, connections for public rights of way and the Green Bridge within the framework, giving more strength to SEMS for negotiations with landowners for acquisition and influencing connections throughout potential development sites.
- 3.7 Capita have been retained to oversee and stress test the HIF programme. This has taken on the extension of the HIF programme to conclude in March 2025. Capita will continue to review the programme through the life of the project to assess any changes and highlight risks to the programme enabling the team to mitigate against delay. This reporting will then form the basis of future HIF reporting to Overview and Scrutiny Committee. The key aspects of the immediate programme are set out below:

Key Action	Programme Date
------------	----------------

HIF Second Stage Consultation	November 2021
Rail Planning Application Submitted	June 2022
Highways Planning Application Submitted	June 2022

4. Acquisition Strategy

- 4.1 To enable delivery of the three constituent elements of HIF several land interests must be acquired. The Cabinet meeting on the 9 June 2020 resolved in principle to use its compulsory acquisition powers should it be necessary. Accompanying that decision in the exempt from publication appendix was a compulsory acquisition strategy which set out the high-level strategy for acquiring the interests required for the scheme. A further report has now been taken to Cabinet on 28 September 2021, to set out the Property Cost Estimate (exempt appendix). The team have also been drafting the Relocation Strategy, Acquisition Strategy and Fees Strategy. These documents will help impacted freeholders, leaseholders, and those with interests in the HIF area understand the council's approach to acquisitions and will be formalised shortly.
- 4.2 In the July 2020 report it was highlighted that the Council must demonstrate that it has taken all reasonable steps to acquire the land and rights required for the scheme by agreement before making a Compulsory Purchase Order (CPO). Compulsory acquisition must be a last resort. However, the two processes of negotiation and preparation for a CPO can be done in parallel to avoid delays to projects. If compulsory purchase is required a future decision by the Full Council will be required to authorise the making of a Compulsory Purchase Order(s).
- 4.3 In order to progress the project in a timely manner the Cabinet report gained an authorisation to give the Director of Place and Deputy Chief Executive under consultation with the Leader of the Council delegated authority to enter into legally binding agreements with landowners to purchase the required land and interests. Whilst Delegated Authority already existed for transactions under £100,000 the aggregate value of the transactions exceeds this and therefore this was considered a Key Decision for Cabinet.
- 4.4 The design process for the three projects is at an advanced stage and the majority of the land parcels and interests required have now been identified. The intention is to where possible enter into conditional agreements exercisable on an implementable consent for the scheme in question.
- 4.5 Some of the land interests are small parcels, resulting in it being more cost effective for the Council to purchase the land outright in advance of the schemes being authorised. In the unlikely event that this land is not required it can be offered back to the original owner at market value.
- 4.6 All purchases or options will include compensation in line with the 'Compensation Code' equivalent to what the seller would have been paid had

they been compulsorily acquired ensuring no party is better off waiting for a CPO. Officers will only authorise agreements where the design team and the Director of Place and Deputy Chief Executive are satisfied that the design options have been exhausted and that the land acquisition is unlikely to change.

5. Consultation Update and Next Steps

5.1 The results of the first phase of public consultation regarding the proposed £170 million investment by the government's Housing Infrastructure Fund (HIF) in environmental improvements and upgraded transport infrastructure on the Hoo Peninsula have now been published. Medway Council leafleted 24,500 local households on and around the peninsula to ask for their views on the proposals with 552 valid responses received. The consultation ran from January to April 2021 and was supported by social and digital media campaign and online meetings with community groups. This key consultation focused upon:

- a) Highways improvements, including a new relief road to access the peninsula as well as work to help traffic flow better on the A228 and A229.
- b) A new train station and reinstated passenger service on the Grain branch line.
- c) Environmental enhancements including opening up privately owned farmland to become publicly accessible parkland with widespread planting, habitat creation and access work as part of a Strategic Environmental Management Scheme (SEMS).

5.2 The consultation questionnaires were available online, with the ability for paper copies to be posted on request. Residents in the core HIF areas were sent leaflets to ensure they were aware of the consultation; whilst statutory stakeholder representatives received emails and calls. Meetings took place with all parishes on Hoo Peninsula and officers arranged a combined meeting for Councillors and parishes. The HIF questionnaire drew in 557 responses of which 552 were valid. There were 227 additional emails and representations made. Given the difficulty in analysing the emails alongside the questionnaires, a separate report was prepared to ensure these messages were also carefully considered. This resulted in the following documents being produced in August 2021: Future Hoo: Consultation Summary; HIF Consultation Analysis; and HIF Emails and Submissions Analysis. The highlights of the consultation outcomes are set out below:

5.3 Highways Infrastructure

5.3.1 £86 million of the government's £170m funding will be used for road improvements to both ease existing congestion and help accommodate any future housing on the Hoo Peninsula. The work would involve upgrades to the existing road network, as well as the provision of new infrastructure including new slip roads, junctions, and interchanges on the A228 and A289, a relief road via Woodfield Way – i.e. a second road access to the peninsula – and wider highway improvements.

5.3.2 The importance of improving road links was supported by 44 per cent of respondents – rising to 57 per cent in the over 65 age group – while 41 per cent disagreed and 15 per cent did not voice an opinion. The most common benefits cited by residents for the overall package were to:

- reduce reliance on a single main road on and off the Hoo Peninsula (36 per cent).
- Ensure the local area is well connected and accessible (30 per cent); and
- Improve air quality by reducing bottlenecks on Four Elms Hill/Four Elms Roundabout (29 per cent).

5.3.3 The three greatest concerns were: loss of a rural feeling (81 per cent); increased traffic (78 per cent); and the environmental impact of improving the road links (76 per cent). It was promising that a number of respondents put forward various alternative suggestions, which officers reviewed ahead of the next consultation in autumn 2021.

5.4 Highways Phases

5.4.1 There was a similar response for each phase of the highways section of the proposal, with respondents disagreeing that any of the proposed phases will improve access to the Hoo Peninsula, reduce congestion in the local area or improve access for other users. Respondents also disagreed that the proposed layout and design of each phase will minimise impacts on the local area or minimise disruptions during construction. The analysis of the comments about each of the road phases are set out below:

5.4.2 For Phase 1, the greatest concern of respondents were the negative issues arising from the Phase 1 design, with other considerations being the impact Phase 1 will have on pollution and on existing residents in general.

5.4.3 Respondents felt that consideration should be given to the impact of Phase 2 on the environment, with other concerns being issues with Phase 2 designs specifically and the impact of different types of pollution.

5.4.4 For respondents, the greatest concern about the Phase 3 proposals was the over/further development in the area, with other considerations being issues with the Phase 3 designs specifically and the view that Phase 3 was not required/not the answer to the current issues.

5.4.5 Again, the greatest concern of respondents regarding Phase 4 was the over/further development of the Hoo Peninsula, with other considerations including negative comments about the station or railway and the environmental impact on the area.

5.4.6 When asked for other considerations about the Phase 5 proposal the three most frequent responses involved positive comments about the phase design, negative comments about the phase design and the impact of different types of pollution caused by the Phase 5 proposal.

5.4.7 The greatest concern for respondents regarding the Phase 6 proposal was the increased traffic/congestion, other issues respondents felt should be considered were negative comments about the phase design and the impact of different types of pollution.

5.5 Rail Infrastructure

5.5.1 With regards to the proposed £63m investment in the railway network, 37 per cent of respondents agreed that the reintroduction of passenger rail services was important for the area compared with 36 per cent disagreeing. The most frequently cited benefit was to 'ensure the local area is well connected and accessible' (39 per cent), followed by 'reduce reliance on cars' (36 per cent) and 'improve local public transport' (36 per cent).

5.5.2 The most common concern (57 per cent) was that better rail services might lead to 'increased traffic travelling to the station' followed by 'the environmental impact of re-introducing services' (51 per cent) and the 'cost of the services' (50 per cent). Asked about the proposed new station, more than half of respondents (59 per cent) felt it was important it is landscaped to blend in with the local environment; 57 per cent said it was important there is car parking and drop off available on site; and 56 per cent wanted to see good connections to local bus services, although only 16 per cent said they would consider travelling to the station by bus.

5.6 Station design:

5.6.1 Regarding the design of the new railway station, respondents felt it was important for the appearance of the station to reflect the character, identity, and heritage of the area and that the station is landscaped to blend in with the local environment. It was felt that 'farming/agricultural heritage' is the theme that best reflects the local character of the area. However,

respondents felt it was not important that the station is provided with a public open space to create a 'station place' or plaza.

5.6.2 Regarding access, respondents felt it was important that there is car parking and drop off available on site, secure cycle parking on site, good connections to local bus services, good links to local cycle paths and to local footpaths. When asked how they would travel to the station, the most frequently cited form of transport was 'car'. When asked for further considerations regarding the proposed station, the most frequently cited comment was 'do not build a new station/will not use a new station'; with parking issues and the environmental impact also raised by respondents.

5.7 Passing Loops

5.7.1 The greatest concern of respondents regarding the construction of the proposed passing loops is 'the environmental impact of construction' on the area. Other considerations were the impact on existing residents and an objection to the railway in general. Crossings: Two thirds of respondents 'don't use any of these crossings'; with only 4 per cent of respondents wanting to make any further comments about crossings. The suggested consideration most likely to be raised by respondents regarding changes to the crossings was the environmental impact on the area.

5.8 Managing the Effects of the Railway Proposal

5.8.1 Over a third of respondents disagree that the proposals to manage construction works help to minimise the impact on local residents, the environment and on users of public rights of way. When asked for further considerations regarding managing the potential effects of the railway proposals, the most frequently cited comment was 'do not build a new station / will not use a new station'; other considerations were parking issues and the environmental impact. The main consideration raised by respondents about managing the potential effects of the railway proposals was concern about over/further development on the Hoo Peninsula, other issues raised were the impact on both existing residents and the environment.

5.9 SEMS

5.9.1 The survey showed respondents were largely in agreement with the aims of the SEMS. The environmental enhancements would see more than £14 million of the HIF funding being used to create a network of wildlife friendly habitats and community parklands covering 51ha (127 acres). These will support new meadows, hedges, marshes, and woodlands and, where appropriate, will feature new footpaths and cycleways providing safe recreational opportunities. For example, more than three quarters (77 per cent) said the enhancement and protection of green spaces on the Hoo Peninsula is important to them and to the local area. A similar percentage

(76 per cent) agreed any new green spaces should help to protect existing ecologically sensitive sites and 73 per cent felt new green spaces should include a variety of habitats e.g. wildflower meadows, hedgerows, marshland, etc.

5.10 General

5.10.1 Respondents agreed that the enhancement and protection of green spaces on the Hoo Peninsula was important to them and to the local area and that any development should minimise the impact to the environment on the Hoo Peninsula. Respondents also agree that any new green spaces should help to protect existing ecologically sensitive sites on the Hoo Peninsula, include a variety of habitats, link with existing natural spaces and that there should be clear boundaries between green spaces using fencing and hedgerows to provide definition.

5.10.2 When asked how proposed green spaces could enhance and protect the natural environment the most frequently cited comment was to 'protect the existing green spaces/no new green spaces', followed by concerns about over /further development and the environmental impact on the area.

5.11 The Development of Green Spaces

5.11.1 Respondents agree that there should be areas of green space close to Hoo which encourage wildlife, that people can freely enjoy without disturbing wildlife and that green spaces should be connected to help people and wildlife move safely around and allow them to meet others from the local community. It was also agreed that there should be planned paths to allow different types of users to enjoy the green space, information boards and signage and visitor facilities. Respondents felt that the protection of existing green spaces was of most importance, with other concerns including the over/further development of the Hoo Peninsula and the protection/enhancement of Deangate.

5.11.2 Regarding the location and type of new access routes and paths that could be developed on the Hoo Peninsula, maintaining existing paths and the different path surfaces were mentioned most frequently. However, concerns about over /further development were also raised. Again, when asked about any further considerations about the green spaces on the Hoo Peninsula, respondents raised concerns about over/further development in the area alongside the protection of existing green spaces and the protection of Deangate.

5.12 The Proposal Overall

5.12.1 In general, the feedback to the proposal overall including the road, rail and environment proposals was concern about over/further development, the impact on existing residents and the environmental impact. Overall the benefits of this consultation and the next steps can be summarised as follows:

- It engaged stakeholders and residents in HIF.
- The process 'Flushed out' issues.
- The consultation provided valuable feedback on the outline proposals.
- The team moved into engagement (numerous Cllr and residents meetings).
- This process has informed the second round of consultation.

5.12.2 A full copy of the 200 page consultation report can be found at: medway.gov.uk/futurehoo. It is likely that a second round of HIF consultation will take place between November and December 2021. This consultation will reflect the changes to the scheme since April 2021 and will be used to demonstrate the council has listened and responded to the findings of the first round of consultation. This next stage in the consultation shows how the HIF plans have moved on, and what the Council believe would:

- Deliver the best possible environmental improvements
- Improve the area's rail connectivity and provision of public transport
- Upgrade the local road infrastructure
- Ensure a sustainable future for the local communities.

5.12.3 To launch the consultation a leaflet is being prepared to be sent to 24,500 households seeking views on the revised proposals either online or by attending a series of community events being organised by the HIF team.

5.13 Section 106 funding

5.13.1 Once planning applications are submitted and approval processes begin including the confirmation of S106, the recovery strategy will begin. Lists of planning applications and records of decisions will be provided as part of monitoring as required. S106 will be used to implement the further necessary infrastructure needed as determined by the emerging REG 19 and the final Local Plan. This infrastructure will enable the delivery of the HIF homes and more as outlined in the emerging Local Plan.

5.14 EIA

5.14.1 Following completion of both the rail and road EIA Scoping Reports, Pell Frischmann were appointed to undertake the next EIA stage – the Environmental Statements. The Spring 2022 EIA programme is subject to an independent Peer Review by Capita. This will challenge the programme assumptions to seek opportunities to save time and will also review the methodology to ensure it is fit for purpose. This final report will be shared with the HIF Member Advisory Board.

5.15 Relationship of HIF with Local Plan

5.15.1 Work on the Strategic Transport Assessment for the Local Plan has identified the need for wider integrated transport services to accommodate the full scale of residential and employment growth planned on the Hoo Peninsula. The wider package of transport measures will also help to address environmental objectives, such as improved air quality and addressing climate change. The Council is proposing an Area Wide Travel Plan to develop a strategic approach to transport improvements. These measures will be delivered through developer contributions and requirements on new residential and employment schemes on the peninsula.

5.16 Staffing

5.16.1 The HIF Team is currently fully resourced with Janet Davies, the new Head of HIF and Regeneration in post from 31 August 2021. Janet Davies brings a wealth of experience of complex development and regeneration programmes having most recently worked in the Ebbsfleet Development Corporation.

5.16.2 Pinsent Masons, the councils retained lawyers for the HIF programme are providing a half day training course on the use of Compulsory Purchase Powers. The training is aimed at staff who are not directly engaged in the CPO work but whose work will impact upon it. This free training is a good opportunity to build staff resilience and knowledge.

6 Risk Management

6.1 There are minimal risks associated with the extension offer and entering into the Deed of Variation with HE to the HIF GDA, as the changes including the extension have been agreed with HE and support both the Council and HE. This provides the Council with a more robust programme. The second phase of consultation is now being prepared to support the programme and to reflect upon the views of those who responded to the first round.

Risk	Description	Action to avoid or mitigate risk	Risk Rating
Land Purchased not required	If the scheme changes or is cancelled, then land will not be required.	Option agreements conditional on implementable consent to be used wherever possible / cost effective. This will mitigate cost risk however option fees will not be recoverable. Any land not required for the scheme may be sold back to original owner at market value. (Crichel Down rules)	D3
Scheme design changes requiring more land	If the scheme changes and more land is required than already negotiated under an option.	Agreements will only be entered into where design is at a settled point and all other options have been explored. The project designers have identified the maximum extent required where design is not settled and forms part of the estimate.	C2
Potential Delays arising from 3 rd parties	The risk remains that the partners of the council are unable to maintain good progress and milestones slip impacting on deliverability and the GDA.	To continue to work collaboratively with 3 rd parties to ensure the scheme addresses the milestones in the GDA.	B2

7 Consultation

- 7.1 As set out above extensive consultation has been undertaken and a further round of consultation will begin in November 2021.

8 Climate change implications

- 8.1 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.
- 8.2 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

9 Financial Implications

- 9.1 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. This spend is claimed retrospectively from Homes England, with total current claims (August 2020 to August 2021) valuing £7.2m.
- 9.2 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.

10 Legal Implications

- 10.1 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.

11. Recommendations

The Committee is requested to note the report.

Lead Officer Contact:

Janet Davies MRICS, Head of HIF & Regeneration Email:
janet.davies@medway.gov.uk Tel: 01634 332313

Jessica Jagpal, HIF Investment Programme Manager
Email: jessica.jagpal@medway.gov.uk Tel: 01634 331544

Appendices

None

Background papers

28 September 2021 Cabinet Paper - Housing Infrastructure Fund (HIF) New Routes to Good Growth – Deed of Variation.

28 September 2021 Cabinet Paper - Housing Infrastructure Fund, Routes to Good Growth – Acquisition of Land Required for Road, Rail and Strategic Environmental Schemes (Sems).

23 March 2021 Overview and Scrutiny Committee Update on The Housing Infrastructure Fund Programme.