

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE LEAD MEMBER FOR PLANNING AND INFRASTRUCTURE

Decision Made: 17 June 2022

Levelling Up Bid Junction 7 M20 Signalisation

Issue for Decision

Kent County Council would like to submit a Levelling Up Round 2 bid on Maidstone Borough Council's behalf for the signalisation of Junction 7 M20.

Decision Made

That the submission of a joint Levelling Up Round 2 bid with KCC to fund improvement works to Junction 7 M20, as set out at paragraph 3.3 Option 2, be approved.

Reasons for Decision

- 1.1 The Levelling Up Fund is a £4.8b Government programme to support investment in infrastructure across the three themes of town centre and regeneration, culture and transport. A grant of up to £20m is available per project with a minimum of 10% match funding. One submission is allowed in each MP's constituency area over the life of the Fund. Funding is targeted towards places with the most significant need, as measured by an index. Three categories have been created with category 1 representing places with the highest levels of identified need. Bids from categories 2 and 3 will still be considered for funding if they are of "exceptionally high quality". Maidstone is in category 2. County Councils can only bid for one large scale Transport project for their County but can work with Districts and Boroughs to submit proposals for smaller transport improvement projects. Districts and Borough's need the approval of the Highway Authority to submit their own transport bids.
- 2.2 The first round of the Levelling Up Fund (LUF) was announced in 2020 and supported £1.7 billion of projects. Levelling Up Round 2 was announced earlier this year with a submission deadline of 6th July 2022.
- 2.3 Key to a successful bid is to be able to demonstrate deliverability by 2024/25. Maidstone Borough Council does not have a large capital project sufficiently advanced yet to merit a submission.
- 2.4 However Kent County Council (KCC) would like to submit a project, jointly with MBC, that partially signalises the M20 Junction 7, widens some slip roads and improves walking and cycling. Significant

queueing is a regular occurrence on the A249 at M20 J7, especially in the morning peak. At times, queueing on the roundabout can affect the M20. The improvement works would:

- Increase the capacity of the junction
- Reduce congestion and delay on the A249
- Improve pedestrian and cycle facilities
- Improve access to existing development for all modes, including buses
- Support new development and local economic growth
- Help reduce carbon emissions, through reducing queueing and vehicle emissions

2.5 The same project was submitted in Round 1 but was not successful. This first bid requested just over £4.1m from LUF with match funding of just over £1m from developer contributions – a total cost of £5.1m.

2.6 The Council accommodated KCC's proposition to submit this project in Round 1 as it had explicit support in the approved Integrated Transport Strategy under Action H1: Targeted implementation of highway improvements at key strategic locations to relieve congestion and in the action plan under "Maidstone Urban Area – M20 Junction 7 Strategic Area". Moreover, there was no obvious alternative competing project Levelling Up could fund.

2.7 Feedback from DLUHC and the DfT suggests the bid was strong and would be well received if re-submitted with some changes. In summary it stated that the case for investment was well set out, although it would benefit from further engagement evidence. It provided good evidence of congestion and would benefit from further options assessment report. The bid showed good alignment with local and national context but needs more evidence on reduction in co2 and link to LTN 120 compliance. The Benefit Cost Ratio was strong but requires further evidence as to how KCC got there:

1. Undertake further analysis on current conditions, outlining high level data on existing congestion. Reflected to what extent this is on development traffic.
2. Rerouting beyond immediate corridor, trip generation assumed by development and included in each scenario
3. Provided more analysis in modal results, delays, volume over capacity and overall traffic throughput.
4. Assessment of do minimum scenario
5. Further detail on how model outputs converted into benefits.
6. Provide more detail on smart technology and how it is modelled.

- 2.8 The Financial element of the bid was clear in what it asked for and what is coming from 3rd parties, but it would benefit from inserting extracts from S106 agreements. The risk management and track record and delivery schedule were strong. Project governance could not be faulted. In terms of monitoring and evaluation this needed to be more specific to the scheme and
- 2.9 KCC need time to commission this work and make these changes and would like a decision from Maidstone by the 13th June in order to do so.
- 2.10 The Junction 7 work is critical to enable the full delivery of Kent Medical Campus and residential development to the south of Maidstone. National Highways has stated:
- “Without the improvement in place, we may soon be at the point where both congestion and safety led capacity is reached and we start to have to object to or Grampian condition (no occupations until opening to traffic of the J7 improvement) all applications. This would have major implications for Maidstone’s aspirations and their ability to meet their 5-year housing supply requirements, and hence the achievement of Government short-term post-pandemic recovery and longer-term housing delivery”.
- 2.11 National Highways have insisted that three residential schemes in the southeast of Maidstone wholly fund the work through developer contributions (S106).
- 2.12 Up to £4.8m is available from these three developments to fund the works. However, the issue is that these improvements are needed now but the S106 monies will not be received in full for perhaps another 5 or more years. KCC who will be the deliverer of the works are extremely keen to progress them now.

Table 1: Residential Developments and their contributions

Site & Local Plan Policy	Developer	Contributions (£4.8m)	Trigger for Payment
Land North of Bicknor Wood – H1(7)	Bellway	£792,000 index linked	125 occupied dwellings
Land West of Church Rd – H1(8)	Bellway	£1,106,142 + £390,000 to cover scheme design and contract costs	230 occupied dwellings
Land South of Sutton Rd – H1(10)	Countryside	£2,534,327	300 occupied dwellings

- 2.13 In addition, KCC is about to start delivering a nearby highways project at Kent Medical Campus, for widening the Bearsted Road and Newnham Court roundabouts and creating a dual carriageway between them. These works will start in the summer 2022. Owing to the proximity of these works KCC have already designed the J7 improvements in case monies became available sooner, with the prospect of the same contractor delivering them. So, the J7 improvements are genuinely shovel ready.
- 2.14 If the Levelling Up Fund pays for the majority of the works, then the developer contributions would not be needed in full, and the developers' liability to fund it would be reduced.
- 2.15 However this approach is being considered because:
1. The S106 agreements for these three sites explicitly state that Maidstone Borough Council, working in cooperation and collaboration with KCC, are obliged to use reasonable endeavours to obtain external funding to pay for the J7 works. Any external funding obtained is then deducted from the developer contribution. By submitting this Levelling Up bid MBC/KCC are doing what was intended when the S106 agreements were negotiated.
 2. The costs of the works will have risen again since the original S106s were signed, above £4.8m. About £1m of developer contributions are likely to be available for KCC to use as match funding in the period that the Levelling Up grant needs to be spent i.e. by 2024/25.
 3. There is a risk that in 5 to 10 years time the cost of these works will be even higher and there might not be external grant sources available to gap fund the works.
 4. Notwithstanding in bullet point 1, if Levelling Up could provide loan funding to pay for the works, the developer contributions could still be claimed once their trigger points were reached. Unfortunately Levelling Up is non-repayable grant fund and cannot be used as a loan fund. In any event it has already been established that the cost of these works is greater than available developer contributions so some gap funding would be needed anyway.

2.16 **Policy Advisory Committee Consultation**

At its meeting on 8 June 2022 the Planning and Infrastructure Policy Advisory Committee considered this issue and agreed the following recommendation:

"That the Lead Member for Planning and Infrastructure be recommended to approve the submission of a joint Levelling Up Round 2 bid with KCC to fund improvement works to Junction 7 M20 as set out at paragraph 3.3 Option 2 of this report."

Alternatives considered and why rejected

- 3.1 Option 1: Not to support the bid.
- 3.2 If the Council were not to support the bid, then Kent County Council could not submit it and the improvements would be significantly delayed. Queuing is already a problem and further serious queuing on a key approach to Maidstone will cause delay and journey time uncertainty for all road users, including commuters, business users and deliveries. Buses will also be affected. The costs of delay will have an adverse economic impact. It will also inhibit access to the Kent Medical Campus and other development immediately south of J7. It will discourage investment in the NKEZ.
- 3.2 However, by not supporting the bid, the Council would retain its option to submit a different bid in Helen Whatley's constituency area in later rounds. That said the Government has made no promises regarding the timing or format of future rounds. A major project that may come forward in this area concerns the future of the Leisure Centre. However, at this time no decision has been made regarding whether the Leisure Centre should be refurbished or a new one built, in full or in part. There is no way of knowing whether a project like this in a category 2 area would be supported by the Government. This project may not be advanced enough by the time a Round 3 bid is possible to have a chance of being successful.
- 3.3 Option 2 to jointly resubmit the bid with KCC - APPROVED

The feedback from DLUCH and DfT is positive and subject to making the changes set out in this report will be well received if re-submitted. The bid will be submitted with a similar LUF request of circa £4m to £5m, with developer contributions in the region of £1m. The benefits of this approach are that congestion is alleviated now and environmental benefits are delivered earlier and barriers to development are removed now. This approach does however reduce the developer's obligations to fund the improvement works, but the S106 agreements always envisaged that MBC and KCC would work together to obtain external funding. This option is recommended.

Background Papers

None

I have read and approved the above decision for the reasons (including possible alternative options rejected) set out.

Signed: _____
(Lead Member for Planning and Infrastructure – Paul Cooper)

Full details of the report for the decision can be found online at [17 June 2022 Agenda](#)

Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Head of Policy, Communications and Governance by: **5pm Friday 24 June 2022**