

Ref:

Called in

Yes/No

**THE THANET DISTRICT COUNCIL**

**RECORD OF DECISION OF CABINET**

Name of Cabinet Member:

Relevant Portfolio:

Date of Decision:

Subject:

Key Decision  In Forward Plan

Brief summary of matter:

To update Cabinet on the review of the appointment of a CPO indemnity partner for Manston Airport.

Decision made:

Cabinet agreed the following:

1. That having reviewed its position, details of which are contained in the Cabinet report, that no further action be taken at the present time on a CPO of Manston Airport, on the basis that RiverOak do not fulfil the requirements of the Council for an indemnity partner;
2. To note that this is the second time that RiverOak have not fulfilled the requirements of the Council for an indemnity partner.

Reasons for decision:

1. The objective of seeking an indemnity partner is to ensure that – if the Council determines to pursue a CPO – a viable airport comes into sustainable long-term operation as quickly as is reasonably possible without any residual cost to the Council.
2. The relevant considerations raised in the December 2014 Cabinet report (at paragraph 1.3 above) remain relevant today. In addition the review of this decision since July 2015 has highlighted the following issues:
3. There remains the lack of evidence that financial resources are in place or proposed to be in place to acquire the land prior to the confirmation of the CPO despite the fact that the Council is obliged to attempt to purchase the land by negotiation in parallel with the CPO process.
4. Whilst letters of support for the project have been provided by potential investors, any commitment to the project has been caveated and, in the absence of any binding commitment, there is limited evidence of the financial resources proposed to be in place to acquire the land and develop the airport scheme after the

confirmation of the CPO and the evidence is not sufficient for the council to be satisfied as to the resourcing of the CPO and the likelihood of the scheme going ahead.

5. RiverOak's public announcement indicates that no bond or surety will be offered to fund any shortfall for the proposed funding either before or after the confirmation of the CPO. A bond is required both before and after confirmation.
6. There is insufficient evidence currently available for the Cabinet to be satisfied that a proposed CPO is likely to be successful which would justify its entering into an indemnity agreement. There is good reason to consider the principle of the CPO alongside the decision to enter an indemnity agreement.
7. Given the above, your legal advisors and officers are not satisfied at this moment in time that the information or assurances provided to date by RiverOak justify the Council deciding to make a CPO or as part of that process to support the appointment of RiverOak as the Council's indemnity partner in advance of deciding whether to make a CPO.

Alternatives considered and why rejected:

The alternative option would have been to reject the report's conclusions and officer's and external legal advice.

Details of any conflict of interest declared by any executive Member who has been consulted and of any dispensation granted by the Standards Committee:

None

Author and date of Officer report:

Tim Howes, Director of Corporate Governance and Monitoring Officer, 29th October 2015

Background papers

Manston Report Annex 1 - Cabinet Report - 11 12 2014 Annex 2 - Cabinet Minutes - 11 December 2014

Statement if decision is an urgent one and therefore not subject to call-in:

None

Last date for call in: 6 November 2015