



Date: **3 October 2022**  
Our ref: **Extraordinary Cabinet/Agenda**  
Ask For: **Charles Hungwe**  
Direct Dial: **(01843) 577207**  
Email: **charles.hungwe@officer.thanet.gov.uk**

## **EXTRAORDINARY CABINET**

**13 OCTOBER 2022**

An extraordinary meeting of the Cabinet will be held at **5.00 pm on Thursday, 13 October 2022** in the Council Chamber, Council Offices, Cecil Street, Margate, Kent.

### **Membership:**

Councillor Ashbee (Chair); Councillors: Pugh, J Bayford, R Bayford, Kup and D Saunders

## **AGENDA**

**Item**  
**No**

**Subject**

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** (Pages 3 - 4)  
To receive any declarations of interest. Members are advised to consider the advice contained within the Declaration of Interest advice attached to this Agenda. If a Member declares an interest, they should complete the [Declaration of Interest Form](#)
3. **BUDGET MONITORING 2022/23: REPORT NO.1** (Pages 5 - 22)
4. **APPROVE LEASE ARRANGEMENTS FOR 53-57 HIGH STREET MARGATE, AS PART OF THE MARGATE LEVELLING UP FUND PROJECT** (Pages 23 - 28)
5. **FUTURE HIGH STREET FUND UPDATE** (Pages 29 - 34)
6. **EXCLUSION OF PUBLIC AND PRESS** (Pages 35 - 38)
7. **FUTURE HIGH STREET FUND - CREATIVE WORKSPACE PROJECT UPDATE AND DECISION - CONFIDENTIAL PART** (Pages 39 - 48)

This page is intentionally left blank

### **Do I have a Disclosable Pecuniary Interest and if so what action should I take?**

Your Disclosable Pecuniary Interests (DPI) are those interests that are, or should be, listed on your Register of Interest Form.

If you are at a meeting and the subject relating to one of your DPIs is to be discussed, in so far as you are aware of the DPI, you **must** declare the existence **and** explain the nature of the DPI during the declarations of interest agenda item, at the commencement of the item under discussion, or when the interest has become apparent

Once you have declared that you have a DPI (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote on the matter;
2. Withdraw from the meeting room during the consideration of the matter;
3. Not seek to improperly influence the decision on the matter.

### **Do I have a significant interest and if so what action should I take?**

A significant interest is an interest (other than a DPI or an interest in an Authority Function) which:

1. Affects the financial position of yourself and/or an associated person; or  
Relates to the determination of your application for any approval, consent, licence, permission or registration made by, or on your behalf of, you and/or an associated person;
2. And which, in either case, a member of the public with knowledge of the relevant facts would reasonably regard as being so significant that it is likely to prejudice your judgment of the public interest.

An associated person is defined as:

- A family member or any other person with whom you have a close association, including your spouse, civil partner, or somebody with whom you are living as a husband or wife, or as if you are civil partners; or
- Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; or
- Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000;
- Any body of which you are in a position of general control or management and to which you are appointed or nominated by the Authority; or
- any body in respect of which you are in a position of general control or management and which:
  - exercises functions of a public nature; or
  - is directed to charitable purposes; or
  - has as its principal purpose or one of its principal purposes the influence of public opinion or policy (including any political party or trade union)

An Authority Function is defined as: -

- Housing - where you are a tenant of the Council provided that those functions do not relate particularly to your tenancy or lease; or
- Any allowance, payment or indemnity given to members of the Council;
- Any ceremonial honour given to members of the Council
- Setting the Council Tax or a precept under the Local Government Finance Act 1992



If you are at a meeting and you think that you have a significant interest then you **must** declare the existence **and** nature of the significant interest at the commencement of the matter, or when the interest has become apparent, or the declarations of interest agenda item.

Once you have declared that you have a significant interest (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must:-**

1. Not speak or vote (unless the public have speaking rights, or you are present to make representations, answer questions or to give evidence relating to the business being discussed in which case you can speak only)
2. Withdraw from the meeting during consideration of the matter or immediately after speaking.
3. Not seek to improperly influence the decision.

### **Gifts, Benefits and Hospitality**

Councillors must declare at meetings any gift, benefit or hospitality with an estimated value (or cumulative value if a series of gifts etc.) of £25 or more. You **must**, at the commencement of the meeting or when the interest becomes apparent, disclose the existence and nature of the gift, benefit or hospitality, the identity of the donor and how the business under consideration relates to that person or body. However you can stay in the meeting unless it constitutes a significant interest, in which case it should be declared as outlined above.

### **What if I am unsure?**

If you are in any doubt, Members are strongly advised to seek advice from the Monitoring Officer or the Committee Services Manager well in advance of the meeting.

If you need to declare an interest then please complete the declaration of [interest form](#).

## Draft Budget Monitoring Report No.1, 2022/23

<b>Cabinet</b>	13 October 2022
<b>Report Author</b>	Chris Blundell, Acting Deputy Chief Executive
<b>Portfolio Holder</b>	Cllr David Saunders, Portfolio Holder for Finance
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	No
<b>Ward:</b>	All Wards

### Executive Summary:

This report provides the 2022/23 Quarter One budget monitor for General Fund revenue and capital forecasts against budget, as well as the Housing Revenue Account.

### Recommendation(s):

1. That Cabinet notes the following:
  - (i) The General Fund revenue budget 2022/23 forecast position.
  - (ii) The General Fund Capital Programme 2022/23 forecast position.
  - (iii) The Housing Revenue Account position.
2. That Cabinet recommends to Council that a one-off supplementary General Fund 2022/23 revenue budget of £100,000 be approved for the creation of a fund for coastal projects; to be wholly funded from an external contribution from Southern Water.
3. That Cabinet recommends to Council that a supplementary General Fund revenue budget of £63,000 be approved for additional resources to support the delivery of regeneration schemes in the district; to be funded from a corresponding increase in the income budget for retained business rates.
4. That Cabinet recommends to Council that a supplementary General Fund revenue budget of £100,000 be approved for additional resources to support the delivery of property related services; to be funded from the Repairs Reserve.
5. That Cabinet agrees to the 2022/23 Capital Programme budget adjustments and virements, numbered 1 to 8, as set out in section 5.3 and Annex 1 to this report;
6. That Cabinet agrees to the 2022/23 HRA Capital Programme budget adjustments and virements, numbered 7.4 to 7.6.
7. That Cabinet recommends to Council for approval the 2022/23 supplementary capital budget, numbered 9 to 12, as set out in section 5.4 and Annex 1.

## **Corporate Implications**

### **Financial and Value for Money**

The financial implications have been reflected within the body of the report. There remain residual impacts from the Covid pandemic, however this has moved to epidemic now and therefore business as usual. Thanet's reserves remain relatively low, if spend exceeds these allocations difficult decisions will need to be made to identify reserves to bridge this gap as new funding is not anticipated at this time.

### **Legal**

Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to monitor and control the Council's finances in order to provide a balanced budget.

### **Corporate**

Corporate priorities can only be delivered with robust finances and this report gives Members the opportunity to review the Council's current position.

### **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

There are no direct equality implications arising from this report, however the delivery and implementation of and budgetary changes will consider this as part of the budget setting process and be reported to members in due course.

It is important to be aware of the Council's responsibility under the Public Sector Equality Duty (PSED) and show evidence that due consideration has been given to the equalities impact that may be brought upon communities by the decisions made by Council.

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- Growth
- Environment
- Communities

## 1. General Fund – Revenue Forecast 2022/23

- 1.1 The 2022/23 General Fund net revenue budget of £18.038m was agreed at the Council meeting on 10 February 2022.
- 1.2 It is too early in the monitoring process to forecast with certainty what the year-end position will be, as a result, the vast majority of information pertaining to overspends centres around legacy issues created by Covid that will no longer be funded through external means.
- 1.3 As was the case last year and continuing this, the council faces some residual challenges as a result of the lasting effects of Covid. Managers continue to estimate the financial impact of the restrictions and initiatives that have created legacy issues although these are now significantly reduced when compared to the previous two financial years. Any residual cost will rely on reserves for remedy, but it should be noted the council's reserves were already comparatively low before Covid.
- 1.4 Table 1 below summarises the current projected General Fund revenue spending position based on actuals to the end of Quarter 1 and forecasts from budget holders for the remainder of the year. Paragraphs 2.1 - 2.4 explain variances between the budget and forecasts, including legacy issues around covid.

**Table 1 - General Fund - Forecast against Budget 2022/23**

Function	2022/23 Budget £'000	2022/23 Forecast £'000	2022/23 Variance £'000	Paragraph
Chief Executive	505	505	0	n/a
Deputy Chief Executive and s151 Officer	7,156	8,036	+880	See paragraph 2.1
Corporate Governance	1,961	2,051	+90	See paragraph 2.2
Communities	5,410	5,998	+588	See paragraph 2.3
Corporate Budgets	3,006	3,186	+180	See paragraph 2.4
<b>Total Net Expenditure</b>	<b>18,038</b>	<b>19,817</b>	<b>+1,738</b>	

*Note: + overspends or underachievement of income, - underspends or surplus income*

## 2. General Fund detail by Directorate/Department:

### Deputy Chief Executive

- 2.1 An overspend of **£880k** is currently forecast:

(i) **Housing Needs £880k**

Homelessness has grown as a challenge for many local authorities over the last year, Thanet included. There are additional pressures on Housing as the gap between

supply and demand increases. The council has reviewed and is delivering its homelessness strategy action plan, is regularly monitoring the levels of homelessness and has commissioned new services to address the increasing need for support. This work will continue.

An additional £400k was into the 2022/23 budget to recognise and fund the rising costs of homelessness, therefore this forecast position is over and above that budgetary increase. Due to the nature of the service being provided it is difficult to accurately forecast both expenditure and recoveries as there are many external factors involved that impact on the number of homeless placements. In-year forecasts are based forward projections for service demand in combination with the application of prior year trend analysis on the proportion of costs that historically have been recovered from Housing Benefit.

## **Director of Corporate Governance**

2.2 An overspend of **+£190k** is currently forecast:

(i) **Property +£100k**

To address long-standing income budget shortfalls, rent review and leasing surveyors are being recruited to undertake outstanding rent review and leasing shortfall in the current portfolio. After covering the cost of the review +£100k in 2022/23 (see recommendation 4), this project is expected to provide a net uplift in income for the service within 3 months of recruitment and from 2023/24 onwards.

(ii) **Building control +£50k**

Income is forecast to be below budget +£50k. The income target for the 2022/23 budget had been reduced by £50k in recognition of the challenges in this area, however a residual £50k deficit still remains.

(iii) **Land Charges +£40k**

This relates to deficits for income earned from local land charge searches.

(iv) **Legal and Information Governance £0k**

Due to ongoing unbudgeted market supplements and the necessity for an appointment of an Interim Head of Legal there are +£22k worth of additional costs. There is also an anticipated overspend of +£70k for external legal costs. These are offset by assumed saving on Monitoring Officer and vacant Deputy Monitoring Officer of -£92k.

## **Director of Communities**

2.3 An overspend of **+£629k** is currently forecast:

(i) **Parking and Enforcement £0k**

Parking fee income relating to on-street parking has returned to pre covid levels and early forecasts show a potential for a -£370k surplus, however, income from parking fines associated with on-street is forecast to be +£460k below budget.

The overall deficit from on-street parking is more than offset by savings against the current salary budget of -£200k, resulting in a net surplus of £110k.



Overall this position will be managed through a corresponding £110k contribution to the earmarked reserve associated with this activity, resulting in a net zero impact on the council's General Fund balances.

Parking and enforcement activity associated with TDC owned off-street car parks is currently forecast to meet budget.

(ii) **Domestic Waste Collection +£250k**

Funding for two additional permanent collection rounds were incorporated into the 2022-23 budget. However, due to higher than historical rates of sickness absence there has been significant reliance on agency staff, both waste collection and beach cleaning, that will result in a +£100k overspend. In addition, inflationary pressures are being placed on the fuel budget, with the result being a forecast +£150k overspend based on current pricing trends.

(iii) **Maritime and Technical Services +£250k**

Income is projected £250k lower than budget expectations within Port operations. This is due to restricted opportunities, in part stemming from the global shortage of components to manufacture vehicles that had previously generated income through car importation and vehicle storage on site.

(iv) **Bulky Waste -£42k**

The council continues to see on-going growth demand for bulky waste collections and a surplus of -£42k against budget has been forecasted.

(v) **Toilets +£40k**

The council invested an additional £20k, over and above existing budget provisions, for additional public toilets throughout the peak summer period. This was necessary to meet the demand from the continued trend of increased visitor numbers to the district. Regrettably, it has once again been necessary to provide security for cleaning staff during peak season +£20k. This was necessary due to the anti-social behaviour of a minority of individuals on the district's beaches.

(vi) **Coastal Development +£40k**

There is an expected cost for additional seaweed clearance of +£40k.

(vii) **Crematorium Income +£50k**

The varying impact of covid on mortality rates has made it more difficult to forecast income for the service. Due to a variety of factors, the income within this service area is marginally down compared to the budget for the first quarter, resulting in an estimated shortfall of +£50k.

**2.4 Other and Corporate +£180k** is currently forecast:

(i) Included within corporate budgets are such items as:

- East Kent Shared Services and their central charge,
- HRA recharges i.e. service costs that are recharged to the HRA but which are held centrally for monitoring purposes,

- Capital charges including recharges for staff time,
  - External funding and
  - The 2021-22 assumed collection fund deficit that hits 2022-23.
- (ii) There are additional costs associated with the unprecedented increases in Electricity and Gas prices that can't be contained within existing budgets. There is possible mitigation through some corporate budgets but the current forecast overspend is +£180k.

### **3. Addressing Budget Variance**

- 3.1 Although this is an early monitoring report, current forecasts show a potential overspend of just under +£1.8m. However, it should be noted it is typical for early budget monitoring to be pessimistic in nature and there remains a substantial proportion of the financial year remaining to address the forecast overspends.
- 3.2 The most concerning forecast budget overspends are those of a demand-led nature, where our spending or income levels are dedicated by external demand for our services (e.g. number of homeless families, or number of building control applications) and as such the potential opportunities to manage down spending pressures through conventional budgetary control measures are limited. Most notably, the forecast overspend of £880k on temporary accommodation for homelessness is a concern both for the current financial and also the setting on next year's 2023/24 budget.
- 3.3 If the forecast overspends cannot be addressed within individual service areas, it may be necessary to consider corporate wide action to address these pressures. Within the current financial year, any one-off budgetary pressures may be met or funded from further contributions from our limited earmarked reserves, however it is essential that long-term sustainable solutions are found for any permanent or structural budget pressures.

### **4 Supplementary Budget Requests**

- 4.1 This section of the report provides additional information and context associated with the recommendations 2, 3 and 4 which request additional budget provision to be approved with the General Fund revenue budget.

#### **4.2 Coastal Projects**

The Council has received a payment of £100k from Southern Water in recognition of water quality issues experienced in the district. To date £10k of these monies have been allocated for the repair and improvement of some of the coastal shelters and further schemes are being developed. The appropriate governance arrangements for the allocation of this funding and the associated for the decision making will be reported in due course.

#### **4.3 Use of Business Rates Growth**

Annually the council has a corporate income budget of £5.9m for retained business rates. Over and above this the annual the council receives approximately £300k due to its participation in the Kent Business Rates pool; of which the money from this arrangement must be spent on activities or arrangements that contribute to the generation of further economic growth in the district. At the end of 31 March 2022 there was approximately £2.5m held in an earmarked reserve for this purpose (note

# Agenda Item 3

this figure is still provisional and subject to audit). Consequently, the following supplementary budget requests are presented for approval as per recommendation 3:

- Create a permanent Regeneration Project Manager position to help support the delivery of the £19.8m Ramsgate Levelling Up Fund Programme, £2.7m Future High Street Fund and other externally funded programmes. The budget required for this post (salary plus other costs) is £48K, of which £20k can be met from existing budgets, therefore an annual contribution from our growth in retained business rates of £28k is required.
- Create a Regeneration Project and Programme Administrator position with a focus on monitoring, evaluation and reporting back to central government, as well as engagement activity with the Levelling Up Scrutiny Panels, the Margate Town Deal Board and the organisations directly delivering some of the projects. It is recommended that the full cost (salaries plus other costs) of this post is funded using a £35k annual contribution from the growth in retained business rates.

Consequently, Cabinet are requested to recommend to Council that the general fund revenue budget is increased by £63k, in order to finance the addition of these two posts to the staffing establishment.

## 4.4 Use of Repairs Reserve

To address long-standing income budget shortfalls, rent review and leasing surveyors are being recruited, an allocation from Repairs Reserve of -£100k is required to fund this.

## 5. General Fund Capital Programme – Forecast 2022/23

5.1 The council's 2022-23 revised General Fund capital programme of £43.040m (£42.988m as per annex 1 + £0.052m flexible use of capital receipts) is expected to be underspent by -£10.236m.

5.2 This projected underspend includes the following relatively large projects:

- **Margate Levelling Up Fund** - £3.537m: Externally funded project dependent on grant allocation and timing.
- **Housing Assistance Policy** - £1.952m: Externally funded projects dependent on grant allocation and timing, and scheme take-up.
- **Margate Town Deal** - £1.452m: Externally funded project dependent on grant allocation and timing.
- **Ramsgate Levelling Up** - £0.812m: Externally funded project dependent on grant allocation and timing.
- **Public Toilet Refurbishment** -£0.750m: Expenditure on this programme is predicated on the achievement of capital receipts from the disposal of existing toilets across the district. There have been no such disposals (and hence capital receipts) and therefore there has been no funding available to finance spending against the scheme.
- **Office Accommodation** - £500k: Accommodation requirements are still under review given scope for flexible working as highlighted by Covid. Similarly to the Public Toilet Refurbishment scheme, the financing of the Office Accommodation project is dependent on the proceeds of asset sales from existing office accommodation.
- **Westbrook to St Mildred's Sea Wall Work** -£0.450m: Externally funded project dependent on cost-benefit analysis, then grant allocation and timing.

5.3 **Annex 1** shows that £3.276m has been committed against this year's budget as at 30 June 2022.

5.4 It is proposed that the following changes to the capital programme be approved by Cabinet, as per recommendation 5 to this report.

- 1) **Mobile Elevating Work Platform (MEWP):** Transfer £720 of the budget to the Ramsgate Port & Harbour Utilities Supply Upgrade to offset additional incidental costs.
- 2) **Covid Response:** Remove the residual capital budget of £14.4k as the scheme has now ended.
- 3) **Ramsgate Levelling Up Fund:** Reprofile £14m of the budget to 2023/24, to match the spending profile now approved by the DLUHC.
- 4) **Margate Levelling Up Fund:** Reprofile £1m of the budget to 2023/24, to match the spending profile now approved by the DLUHC.
- 5) **Walpole Coping and Sea Wall:** Reprofile the £450k budget to 2023/24 as it is not now anticipated that grant funding will be available until then.
- 6) **CCTV (previously CCTV & Street Lighting):** £90k of budget (grant funded) removed, as project now limited to CCTV.
- 7) **Office Accommodation:** Reprofile £2.5m of this budget to 2023/24 in-line with revised timeframe expectations for spend against this project.
- 8) **Ramsgate Future High Street Fund:** Reprofile £700,274 of the budget to 2023/24 to match the spending profile now approved by the DLUHC.

5.5 It is proposed that the following changes to the capital programme be recommended to Council for approval, as per recommendation 7 to this report.

- 9) **Housing Assistance Policy (additional support for home owners and private sector landlords):** Increase the budget by £129.6k, funded from recycled grant contributions. These monies are available to support home owners and private sector landlords make improvements to their properties as part of the Housing Assistance Policy. Subject to Council approval the revised budget for 2022/23 will be approximately £480k.
- 10) **Housing Assistance Policy (Disabled Facilities Grants and Better Care Fund):** Increase the budget by £257.8k, fully funded from government grant contributions.
- 11) **High Street Heritage Action Zone Grant - Ramsgate:** An increase in the scheme budget of £189.9k, funded by grants from Historic England. The funding will be primarily used for the allocation of shop front design and improvement grants in Harbour Street.
- 12) **Margate Housing Intervention - Loan Scheme:** Increase the budget by £30k, funded from housing capital receipts (scheme loan repayments).

5.6 As at 30 June 2022 there was a forecast deficit of £0.603m in capital receipts to fund the 2022/23 GF capital programme. This is in addition to the Office Accommodation project and £720k of the Public Toilet Refurbishment project, which are both assumed to be self-financing from receipts from the sale of associated assets.

## 6. Housing Revenue Account (HRA)

6.1 The HRA is currently forecasting a deficit against the budget of £119k. This would result in a year-end net deficit of £1.712m in 2022-23, which would be financed by drawing down from HRA balances.

## 6.2 **Income**

- 6.2.1 A deficit of rental income of £94k is forecast, as a result of eight Right-to-Buys (RTB) in the first quarter of 2022/23 and a slightly higher level of voids than budgeted. Four new units of accommodation are due to be added to the housing stock and action is being taken to reduce the level of voids.

## 6.3 **Expenditure**

### 6.3.1 **Repairs and Maintenance**

Repairs and Maintenance is forecast to overspend by £200k, due to delays in the completion of external decorations works in 2021/22. The financing of this forecast overspend will be considered once the 2021/22 year-end position has been finalised.

### 6.3.2 **Supervision and Management**

A forecast £175k saving is forecast as a result of lower pension costs being charged to the HRA than anticipated when EKH came back in house.

A new van was purchased for the new Housing Response Officers and a virement was processed to facilitate this purchase. The cost of the van will be recouped via the new service charge introduced for this service.

**Table 2 - HRA – Forecast against Budget 2022/23**

	2022/23 Budget	Move- ment	2022/23 Revised Budget	2022/23 Forecast	2022/23 Variance
	£'000	£'000	£'000	£'000	£'000
<b>Income:</b>					
Dwelling Rents	(14,025)		(14,025)	(13,931)	94
Non-dwelling Rents	(228)		(228)	(228)	-
Charges for services and facilities	(615)		(615)	(615)	-
Contributions towards expenditure	(572)		(572)	(572)	-
<b>TOTAL INCOME</b>	<b>(15,440)</b>	<b>-</b>	<b>(15,440)</b>	<b>(15,346)</b>	<b>94</b>
<b>Expenditure</b>					
Repairs & Maintenance	4,983		4,983	5,183	200
Supervision & Management	5,281	15	5,296	5,121	(175)
Depreciation & Impairments	4,310		4,310	4,310	-
Allowance for bad or doubtful debts	245		245	245	-
Contribution to Capital	1,300		1,300	1,300	-
Non-service specific expenditure	254	(11)	243	243	-
Debt Management Costs	9		9	9	-
<b>TOTAL EXPENDITURE</b>	<b>16,382</b>	<b>4</b>	<b>16,386</b>	<b>16,411</b>	<b>25</b>
<b>Other Adjustments:</b>					
Share of Members and Democratic Core	148		148	148	-
HRA Investment Income	(75)		(75)	(75)	-
Debt Interest Charges	989		989	989	-
Government Grants and Contributions	0		0	0	-
Adjustments, accounting /funding basis	(411)	(4)	(415)	(415)	-
<b>Deficit/ (Surplus) for HRA Services</b>	<b>1,593</b>	<b>-</b>	<b>1,593</b>	<b>1,712</b>	<b>119</b>

## 7. Housing Revenue Account Capital Programme – Forecast 2022/23

7.1 **Annex 2** shows the revised 2022/23 Capital Programme.

7.2 At the end of June 2022 £1.135m had been spent or committed, this represents 13.4% of the revised budget.

7.3 A full review of the 2022/23 Capital Programme has been undertaken, this has seen a number of capital schemes slipped in part or fully into 2023/24. Cabinet is recommended to approve these scheme slippages, as per recommendation 6, and further detail on these scheme adjustments is provided below.

7.4 The tower block works have been re-profiled, with the works now to be completed within 2022/23 consisting of the fire alarm works and various professional

# Agenda Item 3

appointments to allow the tendering of main work packages to commence in 2023/24. As a result £11.4m has been reprofiled from the 2022/23 Capital Programme.

- 7.5 The capital budgets (£1.856m) associated with the Churchfields and Royal Crescent refurbishment have also been slipped to 2023/24. The proposed work at Churchfield is subject to further consultation with tenants and the Royal Crescent works are not anticipated to commence until April 2023.
- 7.6 Finally the budget associated with Phase 4 new build has been reprofiled to reflect the forecasted costs to be incurred in 2022/23, reduction of £2.014m. Phase 4 is expected to reach RIBA (Royal Institute of British Architects) stage 4 by the end of March 2023 as such the budget is predominately for professional services working up the identified sites prior to tender and construction.

Contact Officer: *Matthew Sanham, Acting Director of Finance and Operational Services*  
Reporting to: *Chris Blundell, Acting Deputy Chief Executive and Section 151 Officer*

## **Annex List**

Annex 1 GF Capital Programme  
Annex 2 HRA Capital Programme  
Annex 3 GF Revenue Budget Summary

## **Background Papers**

Budget monitoring papers held in Financial Services

## **Corporate Consultation**

**Finance:** *N/A*

**Legal:** Sameera Khan, Interim Monitoring Officer

This page is intentionally left blank



**ANNEX 1 - General Fund Capital Programme Report  
No 1**

Capital Programme 2022-23	Capital Budget 2022-23 (incl unused budget from last year) £	Additions / Removals £	Revised Capital Budget 2022-23 to Cabinet 28 July 2022 £	Estimated Outturn 2022-23 £	Estimated Variance Overspend / (Underspend) against Revised Budget 2022-23 £	Committed Spend to 30 June 2022 £	Comments
<b>Deputy Chief Executive (incl East Kent Services)</b>							
Housing Assistance Policy (Disabled Facilities Grants & Better Care Fund)	4,337,672	257,754	4,595,426	2,883,386	-1,712,040	527,450	£258k extra budget grant funded
Margate Housing Intervention - Loan Scheme	10,000	30,000	40,000	40,000	0	0	£30k extra budget funded from housing capital receipts (scheme loan repayments)
Housing Assistance Policy (additional support for home owners and private sector landlords)	350,352	129,560	479,912	240,000	-239,912	0	£130k extra budget grant funded
Homelessness Accommodation	697,114		697,114	697,114	0	687,389	
End User Computing - Refresh of Devices	314,160		314,160	314,160	0	3,444	
Financial Management System	200,136		200,136	100,000	-100,136	-3,228	
IT Infrastructure	213,746	110,738	324,484	324,484	0	107,396	£111k extra budget transferred from Digitally Enabled Services as approved at the 14 July 2022 Council meeting (Flexible Use of Capital Receipts Strategy for 2022-23)
<b>Total</b>	<b>6,123,180</b>	<b>528,052</b>	<b>6,651,232</b>	<b>4,599,144</b>	<b>-2,052,089</b>	<b>1,322,450</b>	
<b>Corporate Governance</b>							
Parkway Railway Station	2,000,000		2,000,000	2,000,000	0	0	
Public Toilet Refurbishment	750,000		750,000	0	-750,000	0	
Office Accommodation	3,000,000	-2,500,000	500,000	0	-500,000	0	£2.5m of the budget reprofiled to 2023-24
High Street Heritage Action Zone Grant - Ramsgate	0	189,900	189,900	95,000	-94,900	11,088	£190k extra budget grant funded
51-57 High Street, Margate - Refurbishment	50,459		50,459	50,459	0	-16,459	
Margate Town Deal	12,642,190		12,642,190	11,190,000	-1,452,190	67,814	
Ramsgate Future High Street Fund	2,483,638	-700,274	1,783,364	1,783,364	0	16,390	£700k of the budget reprofiled to 2023-24
Margate Levelling Up Fund	6,218,312	-1,000,000	5,218,312	1,681,068	-3,537,244	-40	£1m of the budget reprofiled to 2023-24
Ramsgate Levelling Up Fund	19,824,442	-14,000,000	5,824,442	5,012,129	-812,313	40,497	£14m of the budget reprofiled to 2023-24
Property Enhancement Programme	159,219		159,219	159,219	0	0	
<b>Total</b>	<b>47,128,259</b>	<b>-18,010,374</b>	<b>29,117,885</b>	<b>21,971,239</b>	<b>-7,146,646</b>	<b>119,290</b>	
<b>Operational Services</b>							
Replacement of Lead Lights at Port	37,567		37,567	37,567	0	0	
Westbrook Promenade Infrastructure Improvements	190,036		190,036	190,036	0	124,688	
School Gate Safety Enforcement Partnership	222,500		222,500	0	-222,500	0	
CCTV (previously CCTV & Street Lighting)	165,000	-90,000	75,000	75,000	0	74,029	£90k of budget (grant funded) removed, as project now limited to CCTV
Ramsgate Harbour Sluice Gate	105,000		105,000	105,000	0	0	
Thanet District LED Lighting	387,933		387,933	387,933	0	5,500	
Ramsgate Port & Harbour - Truck	25,000		25,000	25,000	0	0	
Ellington Park	134,634		134,634	134,634	0	134,634	
Pontoon Decking Improvements	8,512		8,512	8,512	0	1	
Ramsgate Port & Harbour - Additional Self Storage Containers	55,000		55,000	55,000	0	0	
Upgrade of Amenity Blocks	84,657		84,657	84,657	0	8,766	
Broadstairs Flood & Coast Protection	880,000		880,000	880,000	0	0	
Ramsgate Port - Berth 4/5 Replacement	1,471,761		1,471,761	1,471,761	0	1,225,469	

**ANNEX 1 - General Fund Capital Programme Report  
No 1**

Capital Programme 2022-23	Capital Budget 2022-23 (incl unused budget from last year) £	Additions / Removals £	Revised Capital Budget 2022-23 to Cabinet 28 July 2022 £	Estimated Outturn 2022-23 £	Estimated Variance Overspend / (Underspend) against Revised Budget 2022-23 £	Committed Spend to 30 June 2022 £	Comments
Walpole Coping and Sea Wall	450,000	-450,000	0	0	0	0	Project reprofiled to 2023-24
Vehicle & Equipment Replacement Programme	1,694,143		1,694,143	1,447,794	-246,349	16,369	
Boat Wash Separator	46,953		46,953	46,953	0	0	
Crematorium Cloisters	100,000		100,000	100,000	0	0	
Ramsgate Flood & Coast Protection	635		635	635	0	0	
Ramsgate Port & Harbour Utilities Supply Upgrade	-413	720	307	307	0	306	£720 budget transfer from MEWP
Westbrook to St Mildred's Sea Wall Work	450,000		450,000	0	-450,000	0	
Viking Bay to Dumpton Gap Sea Wall Work	400,645		400,645	400,645	0	45	
Replace Crematorium Chapel Roof	50,000		50,000	50,000	0	0	
Royal Harbour Multi-Storey Lift Replacement	331,371		331,371	100,000	-231,371	6,292	
Harbour Gate & Bridge	17,499		17,499	17,499	0	15,142	
Replacement Mobile Elevating Work Platform (MEWP) for Ramsgate Port & Harbour	28,000	-720	27,280	20,150	-7,130	20,150	£720 budget transfer to Utilities Supply Upgrade
Ramsgate Harbour - Toilet Cabin at Outer West Marina	25,000		25,000	25,000	0	0	
Ramsgate Port - Transformer	60,000		60,000	60,000	0	0	
Crematorium Memorial Gardens	60,000		60,000	60,000	0	0	
Covid Response	14,400	-14,400	0	0	0	0	Residual budget removed as scheme now ended
Community Parks	202,805		202,805	202,805	0	203,179	
<b>Total</b>	<b>7,698,636</b>	<b>-554,400</b>	<b>7,144,236</b>	<b>5,986,888</b>	<b>-1,157,348</b>	<b>1,834,571</b>	
<b>Total Programme</b>	<b>60,950,075</b>	<b>-18,036,722</b>	<b>42,913,353</b>	<b>32,557,270</b>	<b>-10,356,083</b>	<b>3,276,310</b>	
Capital Salaries	75,000		75,000	75,000	0	0	
<b>Grand Total</b>	<b>61,025,075</b>	<b>-18,036,722</b>	<b>42,988,353</b>	<b>32,632,270</b>	<b>-10,356,083</b>	<b>3,276,310</b>	

Funded By	Capital Budget 2022-23 (incl unused budget from last year) £	Additions / Removals £	Revised Capital Budget 2021-22 to Cabinet 28 July 2022 £
Revenue and Reserves	2,554,505	30,000	2,584,505
Capital Receipts	5,233,235	- 2,389,262	2,843,973
Prudential Borrowing	3,935,951		3,935,951
External Funding	49,301,384	- 15,677,460	33,623,924
<b>Total</b>	<b>61,025,075</b>	<b>- 18,036,722</b>	<b>42,988,353</b>

<b>ANNEX 2 - HRA Capital Programme</b>							
<b>Capital Programme 2022-23</b>	<b>Original Capital Budget 2022-23 (incl balances b/f from 2021-22) £</b>	<b>Additons / Removals £</b>	<b>Revised Capital Budget 2022-23 to Cabinet 28 July 2022 £</b>	<b>Estimated Outturn 2022-23 £</b>	<b>Estimated Variance Overspend / (Underspend) against Revised Budget 2022-23 £</b>	<b>Committed Spend to 30 June 2022 £</b>	<b>Comments</b>
<b>MAJOR WORKS AND DISABLED ADAPTATIONS</b>							
Re Roofing	477,000	-197,000	280,000	280,000	0	5,072	
Replace Windows Doors	377,000	-202,000	175,000	175,000	0	5,295	
Kitchen & Bath Replacements	636,000		636,000	636,000	0	-1,777	
Electrical Rewiring	232,000	-76,000	156,000	156,000	0	13,123	
Heating	375,000		375,000	375,000	0	17,731	
Tower Block Works	12,308,000	-11,408,000	900,000	900,000	0	430,961	
Fire Precaution Works	489,690	-70,000	419,690	419,690	0	5,349	
Planned Refurbishments	110,257		110,257	110,257	0	4,001	
Structural Repairs	1,592,453	-1,311,000	281,453	281,453	0	743	
Thermal Insulation	30,000		30,000	30,000	0	0	
Lift Refurbishment	948,602		948,602	948,602	0	289,252	
Disabled Adaptations	300,000		300,000	300,000	0	-7,228	
Estate Improvements	200,000		200,000	200,000	0	0	
Garages	50,000		50,000	50,000	0	0	
Capital Salaries	125,000		125,000	125,000	0	31,250	
<b>Total</b>	<b>18,251,002</b>	<b>-13,264,000</b>	<b>4,987,002</b>	<b>4,987,002</b>	<b>0</b>	<b>793,774</b>	
<b>PURCHASE/REPLENISHMENT SCHEMES</b>							
<u>Margate Housing Intervention</u>							
40-46 Sweyn Road	44,770		44,770	44,770	0	0	
1 Godwin Road	33,684		33,684	33,684	0	0	
17-21 Warwick Road	31,465		31,465	31,465	0	0	
24 Ethelbert Crescent	71,946		71,946	71,946	0	0	

<b>ANNEX 2 - HRA Capital Programme</b>							
<b>Capital Programme 2022-23</b>	<b>Original Capital Budget 2022-23 (incl balances b/f from 2021-22) £</b>	<b>Additons / Removals £</b>	<b>Revised Capital Budget 2022-23 to Cabinet 28 July 2022 £</b>	<b>Estimated Outturn 2022-23 £</b>	<b>Estimated Variance Overspend / (Underspend) against Revised Budget 2022-23 £</b>	<b>Committed Spend to 30 June 2022 £</b>	<b>Comments</b>
New Projects	1,650,150		1,650,150	1,650,150	0	0	Spend dependant upon as site being found
<u>New Build Programme</u>							
Phase 2	47,745	-10,000	37,745	37,745	0	264	
Phase 3	0	10,000	10,000	10,000	0	8,897	
Phase 4	2,844,659	-2,014,659	830,000	830,000	0	107,498	
Acquisitions Programme	727,600		727,600	727,600	0	216,658	Spend dependant upon as site being found
Capital Salaries	30,000		30,000	30,000	0	7,500	
<b>Total</b>	<b>5,482,019</b>	<b>-2,014,659</b>	<b>3,467,360</b>	<b>3,467,360</b>	<b>0</b>	<b>340,817</b>	
<b>Grand Total</b>	<b>23,733,021</b>	<b>-15,278,659</b>	<b>8,454,362</b>	<b>8,454,362</b>	<b>0</b>	<b>1,134,591</b>	

Service Area	Original Budget	Revised Budget	Forecast	Variance	Usage of Reserve (Unplanned)	Revised Variance
	£	£	£	£	£	£
<b>Chief Executive</b>						
- Chief Executive	505,000	505,000	505,000	0	0	0
<b>Deputy Chief Executive</b>						
- Housing Options	866,670	867,770	1,747,770	880,000	0	880,000
- Housing & Planning	6,289,240	6,218,430	6,218,430	0	0	0
<b>Corporate Governance</b>						
- Building Control	-393,000	-393,000	-343,000	50,000	0	50,000
- Land Charges	-151,830	-151,730	-111,730	40,000	0	40,000
- Asset Management/Legal	2,505,470	2,562,500	2,662,500	100,000	-100,000	0
<b>Communities</b>						
- Parking & Enforcement	-238,360 [1]	-238,360	-348,360	-110,000	110,000 [2]	0
- Waste & Street Cleansing	3,234,150 [3]	3,250,750	3,500,750	250,000	0	250,000
- Maritime & Technical Services	-503,540	-503,540	-253,540	250,000	0	250,000
- Bulky Waste	-80,800	-100,400	-142,400	-42,000	0	-42,000
- Toilets	446,090	454,690	494,690	40,000 [4]	0	40,000
- Coastal Development	686,560	696,560	736,560	40,000	0	40,000
- Crematorium	-954,370	-954,760	-904,760	50,000	0	50,000
- Operations & Commercial Services	2,820,700	2,818,070	2,818,070	0	0	0
<b>Corporate</b>						
- Finance	3,006,020 [5]	3,006,020	3,186,020	180,000	0	180,000
	18,038,000	18,038,000	19,766,000	1,728,000	10,000	1,738,000

Annex 3

Agenda Item 3

[1] 13090  
13113  
13118  
19136

[2] Decrim Reserve

[3] 19127  
19124  
11427

[4] Potentially funded by covid funding carried forward from 21/22

[5] Overspends as a result of Utilities Cap being increased

CC 20930

## **Approve lease arrangements for 53-57 High Street Margate to deliver the Margate Levelling Up Fund project.**

<b>Extraordinary Cabinet</b>	13 October, 2022
<b>Report Author</b>	Louise Askew, Director of Regeneration
<b>Portfolio Holder</b>	Cllr Reece Pugh, Deputy Leader and Cabinet Member for Economic Development
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	Yes
<b>Reasons for Key</b>	For the acquisition or disposal of land or property with a value of £750,000 or above
<b>Previously Considered by</b>	<a href="#">Cabinet - 17 June, 2021</a> <a href="#">Cabinet - 28 April, 2022</a>
<b>Ward:</b>	Margate Central

### **Executive Summary:**

In June 2021 the Council submitted a Levelling Up Fund bid for Margate on behalf of EKC Group in order to deliver the Margate Digital Campus. The Council and EKC Group were successfully awarded £6,306,078.

The Margate Digital Campus is to be hosted within 53-57 High Street Margate, a building which is owned in a Joint Venture agreement between Thanet District Council and Homes England. This paper sets out the terms in which the lease arrangements are due to be made with EKC Group in the leasing of 53-57 High Street.

### **Recommendation(s):**

1. Give delegated authority to the Director of Regeneration and the Acting Deputy Chief Executive to seek approval for the Heads of Terms as members of the Joint Venture Board between Thanet District Council and Homes England.
2. Give delegated authority to the Interim Director of Property, in consultation with the Principal Surveyor and the Economic Development Portfolio Holder to agree Heads of Terms and enter into the relevant negotiations for a lease with EKC Group.
3. To give delegated authority to the Interim Head of Legal and Monitoring to prepare and complete the lease and all other ancillary documents on the terms to be agreed, and sign all documents necessary to give effect to the lease agreement.

## Corporate Implications

### Financial and Value for Money

The Council is the Accountable Body for the Levelling Up Fund. The Council has the below in place to deal with matters relating to the funding, management, and assurance protocols are in place to:

- Ensure decisions are made in accordance with good governance principles
- Ensure transparency requirements are met
- Provide a Local Assurance Process
- Receive and account for the funding allocation
- Monitor and evaluate the delivery of individual projects
- Submit regular reports to DLUHC

For the Levelling Up Funded Projects an internal Management Board has been established and a Programme Scrutiny Panel to ensure the projects are being delivered in line with good project management principles - keeping to time and budget, and reviewing the risks.

The Section 151 Officer is required to scrutinise and approve regular monitoring returns (quarterly) to DLUHC. These returns will cover actual and forecast spend, alongside output metrics. These returns will cover actual and forecast spend, alongside output metrics. The grant documents will require the Monitoring and Evaluation reports to be completed by the third party.

The Council is waiting on a jointly commissioned appraisal with Homes England on current use value and estimate of value based on the lease terms being negotiated.

### Legal

This report requires the development and negotiation of Heads of Terms to lease the property to EKC Group. Agreement will be required from Homes England in order to agree the lease arrangements.

This is covered within the Council's Constitution for leasing/buying assets.

### Risk Management

The Council is responsible for ensuring that there are effective and adequate risk management and control systems in place to manage the major risks to which the Levelling Up Fund is exposed. As part of the development of the bid a risk assessment was put together, and EKC Group reports on the risk register on a quarterly basis in the Monitoring and Evaluation submissions to DLUHC. The Risks identified in the Risk Register as "High" will be reviewed regularly with EKC Group, to ensure there is no risk to the Council.

Without securing the lease arrangements the Council is at risk of the project not being delivered as agreed and approved by DLUHC. Officers have engaged with Homes England at an early stage to progress the lease arrangements for this project.



As the Council is the Accountable Body for the Levelling Up Funding but is not delivering the project directly, but through a third party a standard grant was commissioned through an external legal team, to give the Council the confidence that the grant will be delivered in accordance with the requirements placed on the Council as the Accountable Body. Each grant agreement will include specific requirements relating to the specific project. For grants greater than £1,000,000 this will be commissioned through the external legal team.

## **Corporate**

The Margate Levelling Up Fund Project delivers against the Council's corporate priority for Growth, including encouraging the rejuvenation of our towns, creating new opportunities to gain skills and therefore employment.

## **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- *Growth*

## **1.0 Introduction**

- 1.1 53-57 High Street was formerly home to Marks and Spencers in Margate High Street and was purchased through grant provision from the South East England Development Agency (SEEDA). A joint Venture was entered into between Thanet District Council and SEEDA, with a Joint Venture Board put in place. The site was passed to Homes England, who are now responsible for the legacy left by SEEDA in terms of the regeneration opportunity provided by this site.
- 1.2 The building provides the public sector the opportunity to utilise one of its assets to support a number of regeneration and levelling up initiatives in Margate, and in particular one of the most deprived wards in the country. The property was purchased for regeneration purposes, and it is being argued that the ambition that it would be retail that would deliver the regeneration opportunities is unviable.
- 1.3 A retail/residential led scheme was worked up, however no planning permission was applied for, then the financial crash of 2008 and subsequent changes in the retail sector resulted in the initial vision for the site not being deliverable/viable. This remains the case today for the following reasons:

- Resale values of residential grossly overestimated (the levels used are still not being achieved)
- The cost of redevelopment being underestimated (listed building status, large variance in levels across the site, deep floor plan necessitating the need for light wells and reducing the developable area)
- Rights of escape exist across the roof, thereby limiting re-development opportunities
- The upper floors of the adjacent property have been developed for residential units and have the associated rights to light which stymies development in any greater bulk and mass.
- There are a number of large, vacant/temporary uses retail spaces in Margate High Street - particularly the lower end.
- Vacant property prices are skewed by assets above market values being available for sale.

- 1.4 53-57 High Street - following a decision by the JV board, 3 March 2011, that the pursuit of the scheme at that time was not viable, it was therefore agreed that letting the premises as a whole would minimise the Council's financial risk, whilst protecting the long term development of the whole site. A letting to a low cost fashion retailer was secured (Store 21). The lease was for 10 years from 23 March 2011 with a break provision (subject to the payment of compensation by the JV should a redevelopment scheme be progressed). Store 21 went into administration and the lease was surrendered in July 2017.
- 1.5 Since this time, no further lettings on commercial terms have been secured. The premises or the window displays have been used intermittently as event / gallery space but these have not generated any rents. The Council has advertised the property, for sale or lease, on their website for a number of years, but did not receive any serious long term interest.
- 1.6 The Joint Venture Agreement remains in place as the mechanism for managing the properties. To this end the aims of the JV remain in place and the parties are required to act in accordance with the JV and not to do anything to the detriment of either party. The Council remains responsible for the maintenance of properties held within the JV. In 2021 £750,000 was awarded to Thanet District Council as an Accelerated Grant by the Department for Levelling Up, Housing and Communities due to its Town Deal status. The grant was used to deliver improvements to the site with the focus on aiding bringing it back into occupancy. The funding was used to make repairs to the roof, asbestos removal and electrical strip out. Homes England approved delivery of this grant funding and construction is in progress, with completion in July 2022.

## **2.0 Margate Levelling Up Fund project**

- 2.1 The Council submitted the bid for the MargateDigital Campus on behalf of EKC Group in support of the Council's corporate priority for Growth, including encouraging the rejuvenation of our high streets and providing opportunities to people for skills and training, particularly young people. The Government's priorities and aspirations for town centres is to see improvements within town centres, including the

## Agenda Item 4

repurposing of empty commercial properties, to help create jobs and build stronger and more resilient local economies.

- 2.2 The Creative Industries is a growth sector in Thanet, which was clearly identified in the Margate Town Investment Plan. The Margate Digital campus will directly deliver outcomes that provide support for the creative industries through education and skills provision, and economically improving the high street.
- 2.3 Council Officers are in dialogue with Homes England on this proposal, and the Chief Executive of EKC Group has presented the Margate Digital proposal to their team responsible for the Joint Venture. This decision marks a step in gaining approval from Homes England to lease the asset.
- 2.4 The Council has a statutory duty to dispose of land at the best price reasonably obtainable in accordance with Section 123 of the Local Government Act 1972. Due to the nature of funding for Further Education Colleges, the financial model means they are over-reliant on government policy that does not provide opportunity for investment of the scale of MargateDigital without project match funding, with strict criteria and outcomes applied to them. The Government sets the price and contract limits for different types of provision and therefore there is little headroom that enables colleges to afford to lease premises for this scale of provision. EKC Group does not own any assets in Margate, so is therefore reliant on engaging with other public sector property owners who support the regeneration and place making agenda. EKC Group's business plan shows that the eventual growth in student numbers at the Margate Digital campus will enable the project to start to draw-even by year eight or nine of opening the provision. The College are planning to then have an overt income to reinvest back into Margate Digital by year ten of operating; therefore, creating a sustainable model for the offer.
- 2.5 It is therefore proposed that EKC Group have a ten year lease, at nil rent, full repairing and insuring, given the transformational benefits the establishment of a college in the town could bring to the area on the basis of regeneration returns from the proposed project. Periodic rent reviews based on an agreed formula for assessing the performance of the project against the business plan will be proposed through the Heads of Terms.
- 2.6 The Heads of Terms will allow EKC Group to have the ability to provide a sublet in order to provide a rental income to support the costs of running and maintaining the building. EKC Group are required to consider the conditions placed on the Levelling Up Fund monies in terms of Subsidy Control when negotiating these lease arrangements.
- 2.7 On 17 June, 2021 Cabinet approved the submission of a bid to the Levelling Up Fund for the MargateDigital project. Then on 28 April the Cabinet approved the provision of a grant to EKC Group, through the Levelling Up Fund monies, to deliver this project.
- 2.8 This decision will enable the delivery of this funding bid, which includes more than £6.3m of capital investment, in one of the most deprived wards in Margate. This project aims to improve skills and education provision in Margate, support the repurposing of key buildings in the town centre, and encourage pathways into the creative industries.

## 3.0 Options

- 3.1 The only alternatives are to either give the funding back to central government, or for the Council to deliver the Margate Digital campus themselves. The Council is not in the position to deliver an education campus, and therefore the only option is to provide EKC Group with a lease in order that they can deliver the scheme they put forward for the Levelling Up Fund programme, which was awarded the grant funding.

Contact Officer: *Louise Askew, Director of Regeneration*

Interim Reporting to: *Bob Porter, Acting Corporate Director of Place*

### Background Papers

[Margate Digital Levelling Up Fund bid](#)

### Corporate Consultation

**Finance:** Chris Blundell, Acting Deputy Chief Executive

**Legal:** Sameera Khan, Interim Head of Legal & Monitoring Officer

## Ramsgate Future High Street Fund update

<b>Cabinet</b>	13 October, 2022
<b>Report Author</b>	Louise Askew, Director of Regeneration
<b>Portfolio Holder</b>	Cllr Reece Pugh, Deputy Leader and Cabinet Member for Economic Development
<b>Status</b>	To note
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	No
<b>Ward:</b>	Central Harbour

### Executive Summary:

The aim of the Future High Street Fund was to renew and reshape high streets with the inclusion of other uses to drive increases in footfall. Through a lengthy application process Thanet District Council was awarded funding from the Future High Street Fund for two schemes in Ramsgate - a Highway scheme and workspace provision.

The development of the creative workspace scheme was evidenced on the basis of its delivery against the Future High Street Fund objectives, demand for workspace and through soft market testing with operators and businesses.

Unfortunately, due to changing circumstances, the building originally identified to deliver the workspace project in, has been leased to a private business.

This report proposes a revised scheme for the Future High Street Fund programme in Ramsgate, its requirements for delivery and a proposal to safeguard the funding in Thanet, that can be delivered within the required timescales.

The economic case for the project has been updated in line with the new proposal, and demonstrates that the economic benefits of the scheme are in line with the original submission, and are therefore expected to be approved shortly by the DLUHC.

### Recommendation(s):

1. Cabinet to note this report.

## **Corporate Implications**

### **Financial and Value for Money**

The Future High Street Fund project is externally funded by the Department for Levelling Up, Housing and Communities (DLUHC). Two schemes form part of the overall programme and this report relates to the Creative Workspace Scheme. The inclusion of a £2.7m FHSF scheme within the Capital Programme was approved by Council at its meeting on 14 October 2021.

The agreed projects (Creative Workspace and Highways) were developed in accordance with the DLUHC guidance, with clear and quantifiable business cases that tests the schemes' ability to deliver the government's requirements for Future High Street Funding, and deliver value for money for the public funds.

The Section 151 Officer is required to scrutinise and approve regular monitoring returns to DLUHC. These returns will cover actual and forecast spend, alongside output metrics. Should cost pressures arise as the scheme progresses will be scaled accordingly to ensure that the project's cost remains within the funding envelope that has been allocated; this is essential to ensure there that the council's own finances are not required to be called upon.

### **Legal**

There are no legal implications from this report.

### **Risk Management**

Through the development and delivery of previous regeneration projects, the Council has established the apparatus and experience for reviewing and managing the various key risks of delivering large capital programmes.

The Council is responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the major risks to which the High Street Funds are exposed. In the development of the project a register was produced and was updated.

The Risks identified in the Risk Register as "High" will be reviewed regularly, and those that provide a risk to the Council will be on the Councils corporate risk register.

Through the monitoring and evaluation process for the Future High Street Fund the risk register will be reviewed regularly, and the most significant risks are shared with the Department of Levelling Up, Housing and Communities on a six monthly basis in the monitoring and evaluation reports.

### **Corporate**

The Ramsgate Future High Street Fund programme supports the Council's corporate priority for Growth, by encouraging the regeneration of Ramsgate Town Centre. It will also enhance the environment through bringing back long term vacant properties into use.

The project also supports the Council's corporate priority for Communities. With the size of the site being greater than that of the original building there is greater opportunity to work with community organisations in Ramsgate to foster a shared responsibility and increase our community engagement from the town centre.

## **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

An equality impact assessment will be completed on the appropriate operating model and fit out of the premises.

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- *Growth*
- *Communities*

## **1.0 Introduction and Background**

1.1 In December 2018 the Future High Street Fund was announced, the objective was to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability. Local authorities were asked by central government to define the specific challenges faced by our high streets, setting out an overarching strategic ambition for what the high street should become and identifying what needs to be done to make this possible.

1.2 The programme had specific objectives which any investment needed to fall under. These were:

- Investment in physical infrastructure
- Acquisition and assembly of land including to support new housing, workspaces and public realm
- Improvements to transport access, traffic flow and circulation in the area
- Supporting change of use including (where appropriate) housing delivery and densification
- Supporting adaptation of the high street in response to changing technology

1.3 The Future High Street Fund had a two phase bidding process, stage 1 was an Expression of Interest (EOI) and Stage 2 was a full application. In February 2019 an informal members working group was set-up, who reviewed evidence and decided to submit an EOI for Ramsgate. In March 2019 following a series of meetings of the

Informal Members Working Group and a Ramsgate stakeholder group an EOI was submitted. A series of projects across Ramsgate were proposed including two highway/public realm schemes, a programme of land and site assembly, provision of creative workspace, outlets for the local fishing fleet, funding to bring forward residential sites and an incentive programme for refurbishment of poor quality residential in the town centre. Local authorities were asked to provide an amount of revenue that was required to develop the projects up, including business cases.

- 1.4 In August 2019 Thanet District Council was invited to submit a full application to the programme, and was provided with an allocation of £150,000 revenue funding to develop the project. Due to the allocation of revenue funding the Council was unable to submit a full application on the basis of the EOI. Further guidance was provided in October 2019, with a bid deadline of 30 July, 2020. Following further engagement with stakeholders the final projects included a Highways Scheme and a Workspace scheme with a value of £3,942,000.
- 1.5 In February 2021 the Council was required to submit a revised proposal on the basis of being offered 69% of the funding that had been bid for. This required value engineering of the two projects with some elements being removed, further revenue funding was provided in order to be able to rework the Green Book Business Case. In July 2021 a Memorandum of Understanding was signed with central government for the funding.

## **2.0 Ramsgate Future High Street Fund bid**

- 2.1 In the development of the final Business Case the Council engaged a consultancy team to support the development of the two elements of the bid. The team who developed the project for the Creative Workspace carried out a lot of research and engagement with agents on properties in Ramsgate. A short list of preferred sites were identified - the Council's preference was that they should be in the high street, however following a lack of engagement from property owners the search was spread out.
- 2.2 Celandine Hall in Harbour Street was identified as a good site due to its size and scale. Discussions commenced with landlords by the then Interim Director of Property, and an initial offer price was agreed, subject to the Council's due diligence processes. As part of the Council's due diligence, a condition survey was carried out and issues were identified which led to a revised offer for the lease arrangements.

At the same time, we became aware that there was new private sector interest in the property. In June 2022, the landlords confirmed that they have subsequently accepted the offer from the private sector citing:

- The delays in progressing the Future High Street Fund;
- They received a higher financial offer which they deemed more appropriate.

- 2.3 The Council's bid for Future High Street Fund for Ramsgate's Creative Workspace was focused on market failure, however during the intervening period, the market has changed and Ramsgate town centre has experienced an increase in private sector investment, including in the historic Harbour Street area. However, investment has



not been consistent for the entirety of the High Street. A Ramsgate Town Centre study undertaken by Oneday Regen in May 2022, identified that:

“The exceptions [to Ramsgate's progress in lettings across the high street] being the largest units, in particular New Look and Argos. With the decline in the chain retail market and current leases in place with the former tenants these units are likely to remain vacant unless the Council intervenes... uses should be considered to address the shortage of alternative uses such as culture and leisure.”

2.4 Furthermore, a SWOT analysis undertaken as part of the Ramsgate Town Centre study identified that vacant buildings continue to impact on the town's vibrancy and highlight missed opportunities. This objective report and community engagement has highlighted the negative impact of large floorplate units in the town centre that have been empty for considerable periods of time, and have little or no commercial interest due to the short remaining terms on their leases with high street brands. These empty units dominate the streetscene with their empty windows and often vandalised facades, and present a negative and uninviting face to local and visiting users of the high street. These units are detrimental to the improvement of the High Street and take away valuable usable space from local use.

2.5 The Future High Street Fund Full Business Case sets out the overview for the Creative Workspace element of the scheme as follows:

- Create a multi-occupancy building comprising meeting rooms, offices and creative studios.
- Provide a cafe-bar, small gallery and arts-led retail space.
- Approximately 96 workspaces will be provided in total, designed specifically for use by individuals and businesses in the creative industries sector, for whom there is currently a lack of suitable, affordable accommodation within Ramsgate.
- The site will also provide a central focal point for creative and cultural enterprise, education, training and community engagement, helping to build confidence and resilience among Ramsgate's residential and business population and improving public perceptions and experiences of the local area.

The strategic objectives relevant to the Creative Workspace are:

- To re-develop vacant premises in Ramsgate Town Centre, leading to a direct and sustained uplift in land value, community pride and public perceptions of the area.
- To address a local market failure in the availability of affordable, flexible, managed workspace and facilities for use by creative SMEs and other sector stakeholders.
- To attract new talent, jobs, businesses and investment to support sustainable inclusive growth in the creative industries, visitor economy and wider economy of Thanet.

2.6 A revised proposal has been put together which will deliver the workspace provision of the Future High Street Fund and will be considered in a separate commercially sensitive report in order for officers to take forward the revised project.

## 3.0 Options

1. Do nothing - the Council could return the £1.06m funding to central government.
  - This comes with a significant reputational impact for Thanet District Council, the DLUHC and other funders may not consider bids for funding from the Council again.
  - This comes with local reputation impact, the Council would not be delivering on a regeneration project for Ramsgate.
  - The properties would continue to be vacant and blight the High Street.
  
2. Compete with the private sector for smaller units as these become available.
  - This would come with a significant risk that no properties are acquired.
  - The Council in this scenario would be competing with our own local businesses, and if successful would be preventing small businesses moving to, or growing within the town.
  - Smaller units are highly unlikely to achieve the outputs committed to in the Future High Street Fund Business Case.
  - The Future High Street Fund delivery period would necessitate a space being identified very quickly for this to be a viable option.
  
3. Review properties away from the High Street and apply to the government for a more significant project adjustment.
  - Acquisition of properties outside the High Street/Town Centre are unlikely to meet the objectives of the Future High Street Fund.
  - There is a significant risk with this approach, that Central Government would not accept this project change, as it deviates significantly from the original Business Case for the funding.
  
4. Review the revised project proposal and approve recommendations.

Contact Officer: *Louise Askew, Director of Regeneration*

Interim Reporting to: *Bob Porter, Acting Corporate Director of Place*

### **Background Papers**

### **Corporate Consultation**

**Finance:** Chris Blundell, Acting Deputy Chief Executive

**Legal:** Sameera Khan, Interim Head of Legal & Monitoring Officer

## EXCLUSION OF PUBLIC AND PRESS

Extraordinary Cabinet	<b>13 October 2022</b>
Report Author	Sameera Khan (Interim Head of Legal & Monitoring Officer)
Status	<b>For Decision</b>
Classification:	<b>Unrestricted</b>

### **Executive Summary:**

To consider whether to exclude the press and public for the consideration of agenda item 7.

### **Recommendation:**

That the public and press be excluded from the meeting for agenda item 7 as it contains exempt information as defined in Paragraph 3 of Schedule 12A Part 1 of the Local Government Act 1972.

## **CORPORATE IMPLICATIONS**

### **Financial and Value for Money**

There are no direct financial implications arising from the report.

### **Legal**

Part 1, paragraph 3 of Schedule 12A of the Local Government Act 1972 states that the following information is exempt information for the purposes of Access to Information: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)."

### **Corporate**

Thanet District Council will endeavour to keep the number of exempt reports it produces to a minimum in order to promote transparency.

### **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

There are no specific equity and equality considerations that need to be addressed in this report.

## **1.0 Introduction and Background**

- 1.1 Whilst the starting point for all public meetings of the Council is to admit the public and press, they may be excluded from meetings whenever it is likely, in view of the nature of the business to be transacted that confidential or exempt information would be disclosed. Under such circumstances, confidential or exempt information may be excluded from the public agenda. The public and press must be excluded from meetings if confidential information will be considered and disclosed, and such material must be excluded from the public agenda.

### **Meaning of confidential information**

- 1.2 Under the Local Government Access to Information Act 1985 and Regulations made under that Act, changes were made to the Local Government Act 1972 (LGA 1972), which regulate and promote the openness and transparency of council meetings. There are exceptions to this rule and section 100I of the LGA 1972 states that Schedule 12A of the LGA 1972 includes the list of issues which are confidential and therefore exempt from the Access to Information Procedure Rules and can be discussed in restricted session.

### **Exempt information – discretion to exclude public**

- 1.3 The public may be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that “exempt” information would be disclosed as defined by Schedule 12A Part 1 of the LGA 1972.

## **2.0 Exempt information**

- 2.1 The relevant section is paragraph 3 of Schedule 12A Part 1 of the Local Government Act 1972:

### **Paragraph 3**

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **3.0 Reason Why Agenda Item 7 is considered to be “exempt”**

- 3.1 The reports relate to business affairs of the Council.

## **4.0 Justification/Public Interest Test**

- 4.1 The Council/Committee must consider the public interest test. Section 10 of part II of Schedule 12A states:

“Information which—

(a) falls within any of paragraphs 1 to 7 .....is exempt information if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

4.2 As the report contains commercially sensitive information about the Council, it is considered that the public interest is served by the non-disclosure of the information contained within the report at agenda item 7.

## **5.0 Not Excluding the Press and Public**

5.1 There will be occasions when the meeting may decline to exclude the press and public from the meeting. If that occurs it does not simply mean that those members of the press and public who are present are allowed to stay for the discussion of the item(s). Declining to exclude the press and public would also mean that the press and public are allowed access to the actual report contained within the confidential part of the agenda (what Democratic Services refer to as the “pink pages”).

5.2 If the referred item is not exempted, Democratic Services would also make arrangements for the report to be retrospectively published on the Council’s website.

## **6.0 Decision Making Process**

6.1 If the press and public are to be excluded for the agenda item; this Committee must exercise its power to agree to the recommendation.

Contact Officer: Sameera Khan (Interim Head of Legal & Monitoring Officer)

Reporting to: Chris Blundell, Acting Deputy Chief Executive & S151 Officer

## **Annex List**

None

## **Corporate Consultation**

Finance: N/A

Legal: N/A

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank