

CABINET

Minutes of the meeting held on 22 August 2024 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor Rick Everitt (Chair); Councillors Whitehead, Albon, Bright and Keen

In Attendance: Councillors J Bayford, Davis, Dawson, Fellows and Rogers

27. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Duckworth and Councillor Yates.

28. DECLARATIONS OF INTEREST

There were no declarations of interest.

29. MINUTES OF PREVIOUS MEETING

Councillor Everitt proposed, Councillor Keen seconded and Members agreed the minutes as a correct record of the meeting held on 25 July 2024.

30. PURCHASE OF 30 HOMES AT HAINE ROAD FOR AFFORDABLE RENT

Cabinet considered proposals for the purchase of thirty homes at Haine Road for Affordable Rent. Cabinet noted the need to progress with the acquisition of 30 new affordable homes being built by developer Guildcrest, using the accelerated housing programme capital budget, approved by Council at its meeting on 12 October 2023. Cabinet further noted that the Director of Corporate Services would re-assess the viability of the schemes and subsequently approve these acquisitions, in consultation with the Deputy Leader and Cabinet Member for Housing, should there be a variation to the assumed level of borrowing needed. Cabinet also confirmed that the letting of these homes would be in accordance with the Council's Allocations Policy and any subsequent Local Lettings Plan (LLP), at an affordable rent as set out in the Council's Tenancy Strategy.

The Housing team was praised quite often at Cabinet meetings, simply because there was a huge amount of their work that was praiseworthy, in both the management of Council properties and the support for residents in the current challenging economic times. However what was not spoken about as often was how tolerant and supportive the team was in both a strategy and finance sense, their willingness to embrace and enable new ideas and new forms of delivery. It was this ability specifically that was demonstrated by the proposed acquisition presented to Cabinet.

Council recently approved Thanet District Council's accelerated affordable Housing development programme, which would see at least 400 new homes, constructed or acquired, by 2027. This strategy was developed from the reality of affordable housing across the country being lost when Housing Associations find purchases to be nonviable. This approach had in many areas resulted in commuted sums being arranged and the loss of the affordable homes to the area housing list. The Council's previous purchases had been of these affordable Section 106 units, to ensure that they were not lost. This site, however, represented a first in that these homes were further additions; namely, extending the purchase of Council housing from only Section 106 units into also purchasing sites and homes that would otherwise move into the private market.

Residents often expressed concerns about the ownership of housing built locally. The District's Local Plan required 30% affordable housing for developments of above ten units, which leaves (if the 30% was satisfied, which unfortunately often was not the case, due to the way viability was worked out by government) up to 70% of a development at market price. Unfortunately these homes often were not within the reach of residents financially, whether through rental or purchase. It was an issue that had been producing inflation in housing numbers for a very long time, but delivery of housing via council funds, as was currently being done, ensured that local developments benefited local residents in need. This approach was turning what would otherwise be private purchase or rental properties into genuinely affordable housing, at no more than the Local Housing Allowance. Reaching the second stage of this housing strategy enabled more residents to be housed at a genuinely affordable rent, with full support as Council tenants, as well as ensuring that the market was working directly for the needs of residents.

In relation to this first purchase, Officers were contacted by Guildcrest, the owner of the development at Haine Road, Ramsgate. Cabinet was proposing the purchase of 30 homes; 3 x 2 bedroom homes and 27 x 3 bedroom homes, at a total cost of £8,350,000. This would be funded as follows:

- £2.5m from a Homes England grant
- £5.5m of borrowing
- £300,000 from a s106 commuted sum which can be added
- £50,000 for associated legal costs

With the inclusion of the Homes England grant, this would give an average price of £195,000 for energy efficient, B rated, future proofed 3 and 2 bed homes for residents, as compared to a potential pre grant cost of over £270,000 per unit. This was exactly why Cabinet specifically was praising housing for their enthusiastic approach to strategy and consideration of different funding routes and options, and finance for supporting Cabinet brilliantly throughout all stages of development of the strategy. All individual schemes were financially tested before they were put forward for adoption. To be viable, schemes needed to show an overall surplus over a 30 or 50-year timescale, depending on the duration of any borrowing. The proposed purchase that was discussed was expected to generate a cash flow deficit in year 1 of £38,860 with surpluses accumulating from year 8.

There was a significant need for properties containing 2 bedrooms and 3 bedrooms. The housing register shows 232 households having a requirement for a 2 bedroom property and 357 households requiring a 3 bedroom property. This purchase alone addressed nearly 8% of the current 3 bedroom needed. It was also important to remember that the new homes were let in accordance with the Council's adopted Allocations Policy. The policy provided for the Council to agree a Local Letting Plan for new homes, and in this case an LLP would be agreed to ensure that 50% of the homes were let to priority applicants from the Council's Housing Register and 50% would be let to people currently in temporary accommodation.

These homes were not just an investment in the future; they would also reduce outgoing costs from the General Fund from the moment of occupation, as temporary accommodation was funded from the General Fund rather than the HRA, and spiralling temporary accommodation costs were one of the principal causes for concern financially for all Councils. In this instance, Cabinet was acting directly on the costs of accommodation, by investing at the source thereby reducing costs from the time of occupation into the future and also ensuring that Council was acting on the significant social need for families in temporary accommodation to have settled homes within their communities.

Councillor Bayford spoke under Council Procedure Rule 20.1.

Councillor Whitehead proposed, Councillor Keen seconded and Cabinet agreed the following:

1. That the Council progresses with the acquisition of 30 new affordable homes being built by developer Guildcrest, using the accelerated housing programme capital budget, approved by Council at its meeting on 12 October 2023;
2. To note that the Director of Corporate Services will re-assess the viability of the schemes and subsequently approve these acquisitions, in consultation with the Deputy Leader and Cabinet Member for Housing, should there be a variation to the assumed level of borrowing needed. Any significant variation would be reported back to a Cabinet meeting for noting in order to ensure transparency;
3. The letting of these homes in accordance with the Council's Allocations Policy and any subsequent local lettings plan (LLP), at an affordable rent as set out in the Council's Tenancy Strategy.

31. 2024-25 BUDGET MONITORING NO 1

Cabinet considered the first budget monitoring report for the current year. Officers were forecasting an overspend of just over £1.77m against the General Fund revenue budget. There remained pressure on homelessness and it was very difficult to predict the overspend on this with any certainty due to the variation of the numbers in Temporary Accommodation, the cost of providers that were available to provide the required accommodation and the timing of HB recoveries. At the end of June 2024 there were approximately 300 households placed in temporary accommodation.

The Council had taken some steps in order to reduce its overall temporary accommodation spend including the successful development of Foy House in Margate, the acquisition of Truro Road and the Porchlight proposal to retain 41 units within the district. The Council was looking at all possible future opportunities to provide temporary accommodation to support vulnerable homeless and rough sleepers whilst reducing its overall budgetary impact. Other financial pressures were detailed in the report, but included additional agency staffing requirements in the waste and recycling service, as well as income shortfalls in a number of different areas.

The General Fund capital programme was showing a substantial underspend. This was in part due to the phasing and timing of a number of grant funded projects, some of which would be reprofiled and slipped into later years of the programme. Cabinet was also pleased to report that the HRA was forecast to come in under budget by £548k. This would allow for a contribution to HRA balances, this being the first such contribution since 2019. A number of budget adjustments that were detailed within the report were recommended for Cabinet approval.

Councillor Everitt proposed, Councillor Albon seconded and Cabinet agreed the following:

1. (i) To note the General Fund revenue budget 2024/25 forecast position;
 (ii) To note the General Fund Capital Programme 2024/25 forecast position;
 (iii) To note the Housing Revenue Account position;
2. That Cabinet recommends to Council for approval the supplementary capital budgets, numbered (i) to (iv), as set out in section 8.4 and Annex 1 to this report;

3. That Cabinet agrees to the capital programme budget adjustments, numbered (i) to (iii), as set out in section 8.5 and Annex 1 to the Cabinet report.

32. ANNUAL TREASURY MANAGEMENT REVIEW 2023/24

Cabinet received a report on the Annual Treasury Management Review for 2023/24. The Council's 2022/23 and 2023/24 statutory accounts had not yet been audited by the Council's external auditors Grant Thornton, and hence the figures in the Cabinet report were subject to change until the completion of these audits. Cabinet would be updated, at future meetings, of any material changes that would arise as to the draft position as a result of the external audit.

Cabinet noted that all activities operated by officers were within the limits agreed by Members. The other key messages summarised from the report were as detailed below:

- 2023/24 capital expenditure on long term assets was £23.9m (2022/23: £16.2m), against a budget of £60.7m;
- The Council's gross debt, also called the borrowing position, at 31 March 2024 was £19.6m (31 March 2023: £19.9m);
- The Council's underlying need to borrow to finance its capital expenditure, also called the Capital Financing Requirement (CFR), was £56.8m at 31 March 2024 (31 March 2023: £52.2m);
- Therefore it can be reported the Council had complied with the requirement to hold less gross debt than its CFR;
- The maximum debt held by the Council during 2023/24 was £19.9m, which was well within the statutory authorised limit of £116.0m;
- At 31 March 2024 the Council's investment balance was £41.7m (31 March 2023: £60.6m). A key reason for this £18.9m decrease is an increase in HRA capital spend (£16m in 23/24 compared to £4m in 22/23).

Cabinet continued to invest £2m in sustainable deposits, these investments were referenced against the United Nations Sustainable Development Goals including, but not limited to, climate change, health, financial inclusion and education. There was third party verification, with the framework independently reviewed on an annual basis.

Councillor Everitt proposed, Councillor Keen seconded and Cabinet agreed the following, to:

1. Note the actual 2023/24 prudential and treasury indicators in this report;
2. Recommend this report to Council for approval.

33. PATHFINDER PROGRAMME FUNDING REALLOCATION

Cabinet considered proposals for the pathfinder programme funding reallocation. The Theatre Royal and 19 Hawley Square project was identified as a priority for Margate's regeneration and growth and core funding was allocated through Margate Town Deal, but further funding had always been needed to give the theatre a viable future.

Members were advised that unfortunately, the £4,500,000 Theatre Royal application to the National Lottery Heritage Fund had been unsuccessful. However the Council's bid to the Arts Council and Department for Culture, Media and Sports Cultural Development Fund for £3m towards the scheme, was awaiting an imminent decision.

The recommendation to reallocate funds between Margate schemes would ensure that the Theatre Royal scheme was still deliverable along with the complementary development of 19 Hawley Square. There had been a number of challenges in delivering

the proposed Cecil Square scheme as part of the Town Deal intervention Active Movement and Connections. That scheme was originally focused on a highway and footpath reconfiguration of Cecil Square, which cannot be delivered within the funding available. It also offered more limited outputs within the Town Deal programme, when compared to the Theatre Royal.

As such a reallocation of a further £2.8m from the Active Movement and Connections to the Theatre Royal and 19 Hawley Square project was now being proposed. The Council had also gained support for this proposal from the Thanet Regeneration Partnership Board. Council remain committed to allocating funds to deliver the toilet provision and a signage and wayfinding scheme. However, Council believed that this recommendation would provide considerable confidence to the Arts Council and Minister for Culture, Media and Sport, and that by supporting the Theatre Royal and 19 Hawley Square scheme greater outputs for Thanet, and Margate in particular would be achieved.

Cabinet was therefore asked to agree to:

1. Note that moving funding between themes and projects up to a value of £5,000,000 is permissible under the Simplification Pathfinder Project.
2. Approve the reallocation of £2,800,000 from the revised Active Movement and Connections theme to the Scaling Margate's Creative Production and Skills - Margate Theatre Royal scheme.
3. Agree that any remaining funding within the Active Movement and Connections Intervention be held in contingency until the council is informed of the outcome of the Cultural Development Fund bid.

Councillor Bayford spoke under Council Procedure Rule 20.1.

Councillor Everitt proposed, Councillor Bright seconded and Cabinet agreed the following, to:

1. Note that moving funding between themes and projects up to a value of £5,000,000 is permissible under the Simplification Pathfinder Project;
2. Provide approval to the reallocation of £2,800,000 from the revised Active Movement and Connections Intervention to the Scaling Margate's Creative Production and Skills - Margate Theatre Royal scheme;
3. Agree that any remaining funding in the Active Movement and Connections Intervention be held in contingency until the council is informed of the outcome of the Cultural Development Fund bid.

34. PURCHASE OF 10 HOMES THROUGH GPML FOR TEMPORARY ACCOMMODATION AND AFFORDABLE RENT

Cabinet considered the report that sought the approval to acquire ten properties for the Council, six to be used as temporary accommodation and four as affordable rent on two separate small sites in the district at Margate Road, Ramsgate, and King Street in Ramsgate. This extended the Council strategy, as discussed in the previous housing item, in allowing the Council to purchase outside Section 106 agreements to further grow its portfolio. These were being built by an SME developer, GPML construction. Although there were two sites and two sets of homes (6 x flats at Margate Road and 4 x townhouses in King Street) the homes were being acquired for different purposes.

In Margate Road, the flats would be acquired as in-house temporary accommodation for the Council to reduce out of area placements, and in King Street the townhouses would

be acquired for the Council to use in its housing revenue account (HRA) as general use homes to add to its housing stock. The six flats on Margate Road will cost the Council £1.2m; these were a mix of 4 x 1 bed flats and 2 x 2 bed flats, on the Loop route for easy transport for residents. For King Street, the acquisition cost is £1.33m for four 4 bedroom townhouses, also on the Loop route to promote accessibility.

As with previous acquisitions, schemes needed to show an overall surplus over a 30 or 50-year timescale to be viable, depending on the duration of any borrowing. The proposed King Street purchase would generate a cash flow deficit in year 1 of £4,870 with surpluses accumulating from year 7. The Margate Road properties would allow the Council to reduce temporary accommodation costs from the day of occupation. There was a significant need for the properties being acquired here.

Currently, the Council had around 300 households in temporary accommodation, with 166 of those using 1 bedroom properties. The Council was fully committed to growing its in-house temporary accommodation to ensure that residents could stay close to their jobs, schools and support networks. Thanet District Council (TDC) had already separately worked to secure 41 Porchlight units for Thanet residents that could have been lost completely due to the loss of Kent Homeless Connect, and this purchase would complete the third direct in-house unit, with plans for a fourth in the pipeline. These properties, in Margate and Ramsgate, all close to public transport, would soon provide 21 units of in-house temporary accommodation, using an estimated six month stay before moving on to permanent accommodation. The Council's direct portfolio alone would allow TDC to keep at least 42 households in area every single year; the further the Council grew this portfolio, the more residents it could support locally.

Four bedroom properties were also a significant need for those on the Council's housing list. One hundred and five households on the housing list had a requirement for a 4 bedroom property. Larger properties were often very hard to come by within standard affordable developments and therefore to secure four with direct transport links was a huge positive for residents. It was proposed that the new homes at King Street be let in accordance with the Council's adopted Allocations Policy. The policy provided for the Council to agree a Local Lettings Plan for new homes, and in this case an LLP would be agreed to ensure that 50% of the homes were let to priority applicants from the council's Housing Register and 50% would be let to people moving out of temporary accommodation, again, supporting residents to live locally and supporting the Council in reducing ongoing temporary accommodation costs to the General Fund. The Margate Road homes would be let in accordance with the recently approved Temporary Accommodation Allocation Policy, agreed by Cabinet in July 2024.

Councillor Bayford and Councillor Davis spoke under Council Procedure Rule 20.1.

Councillor Whitehead proposed, Councillor Keen seconded and Cabinet agreed the following:

1. That the Council progresses with the acquisition of these 10 properties and their proposed uses as set out above, using the additional capital budget, approved by Council at its meeting on 12 October 2023;
2. The letting of the King Street homes be in accordance with the Council's Allocations Policy and any subsequent local lettings plan (LLP), at an affordable rent as set out in the Council's Tenancy Strategy;
3. The letting of the Margate Road flats be in accordance with the Council's Temporary Accommodation Allocation Policy, approved by Cabinet in July 2024.

35. PUBLIC SPACES PROTECTION ORDER

Cabinet discussed recommendations from the Overview and Scrutiny Panel following a call-in by the Panel of the 25 July 2024 Cabinet decision on this matter. Cabinet was asked by the Panel to consider the concerns reported by the Overview and Scrutiny Panel at its meeting on the 20 August regarding the Public Spaces Protection Order decision. The Overview and Scrutiny Panel reported the following to Cabinet, that:

“The Overview and Scrutiny Panel supported the aim of the proposed PSPO and considered that the PSPO was necessary for some areas of Thanet. However the Panel had some concerns that some of the detail of some aspects of the proposed PSPO may be open to question. The Panel therefore requested that Cabinet looked again at those areas to ensure that the PSPO could be smoothly implemented.”

Cabinet had to consider the concerns raised by the Panel and decide whether or not it should rescind its decision based on the concerns expressed by the Panel. The report set out the history of this decision including the legal history and Cabinet also noted that the Free Speech Union had written to the Council under the pre-action protocol for Judicial Review. They made it clear that they intended to challenge the PSPO if it was implemented in its current form as per the Cabinet decision on 25 July. This was a clear risk to the Council, certainly in relation to Council finances.

Cabinet made it clear that the Free Speech Union, while entitled to its opinion, was a private company established in December 2019 and that it was making a legal argument, for its own ideological reasons. However it framed its position at the extraordinary Panel meeting, it was not to be regarded as providing the Council with impartial legal advice and any decision made by Cabinet on the night did not mean that the Council accepted its arguments.

Councillors at the Overview and Scrutiny Panel meeting described feeling bullied by the Free Speech Union, which was not based in Thanet and could not just be assumed to be acting in the best interests of Thanet residents. Cabinet said that the Council would not be bullied, but recognised that in responding to this challenge Cabinet needed to ensure that the Council position was as robust as it could be, in order to protect public funds. Cabinet also noted that, in a recent tweet, the Free Speech Union boasted that it had a four-person legal team and a five-person case team, together with a picture of its founder Toby Young, and a GB News headline about “Labour’s first salvo in the war of free speech”. Cabinet further said that the public could draw its own conclusions about the political independence of the Free Speech Union from material online.

It was also mentioned at the Overview and Scrutiny Panel that provisions in the PSPO could be benign under the current administration but misused by others in the future. However, this Order was not legislation. It was a time-limited Order that had to be renewed and could be revised or discontinued as appropriate. Thanet District Council respected the law and the right to free speech, but that right was not and never had been absolute. The previous Conservative administration introduced provisions on swearing with the first iteration of the ASB PSPO in 2018, despite recent misleading reporting by multiple media outlets who chose to believe it was a new innovation. Similar rules also applied in other local authorities and as confirmed on Tuesday, they had not been raised as an issue here by the Free Speech Union.

The PSPO was a very valuable tool in the armoury of measures that support the Community Safety Team to manage challenging anti-social behaviour across the Council. Cabinet observed that if the decision was taken to rescind the 25 July decision, the Council would be without this tool in its armoury. The report indicated that in this eventuality work would commence immediately towards the drafting, consultation and implementation of a new PSPO which it was expected would be for a period of three years rather than the one year of the current order. This decision involves an understanding of the legal position.

The legal comments in the report set this out and the confidential appendix set out a summary of the grounds for challenge as well as the Council's legal team's view and response to these. Councillors were reminded that if they wished to discuss any aspect of the exempt appendix then Cabinet would have had to exclude the press and public for these discussions as this could have resulted in the disclosure of exempt information in accordance with the provisions of Part 1, paragraph 5 of Schedule 12A of the Local Government Act 1972, that was information in respect of which a claim of legal professional privilege could be maintained in legal proceedings. However in the interests of transparency Cabinet did not want to exclude the press and public.

The following Members spoke under Council Procedure Rule 20.1:

Councillor Rogers;
Councillor Davis;
Councillor Dawson.

Councillor Everitt proposed, Councillor Albon seconded and Cabinet agreed the following:

1. On the basis of advice from the Monitoring Officer, which was supported by the Chief Executive, the Leader proposed that Cabinet reluctantly agree to rescind its previous decision, and ask that work begins immediately to redraft and consult on a revised PSPO to cover the same issues, to be brought to Cabinet for decision as soon as possible.

36. EXCLUSION OF PUBLIC AND PRESS

Since Cabinet had agreed that there was no need for a detailed discussion of the contents of the restricted document, this item was therefore not considered.

37. APPENDIX 4 TO THE PUBLIC SPACES PROTECTION ORDER REPORT - CONFIDENTIAL APPENDIX- LEGAL COMMENTS

This item was considered under minute item 35, but there was no detailed specific reference made to the contents of the restricted document.

Meeting concluded : 7.51 pm