

COUNCIL MEETING, 18 APRIL 2013

ITEM 5a - PETITION – FREEHOLD OF PLEASURAMA SITE, RAMSGATE

QUESTIONS FROM COUNCILLOR WELLS

[text of questions taken from DVD recording of meeting]

- 1. Within the Council's own documentation, there is some doubt as to where the £1m accounted for in 2009 actually came from. There is a letter within the pack of documents that talks about SFP Venture Partners Ltd that actually says as well that the money came from SFP Services Ltd who 100% owned SFP Venture Partners who eventually spawned SFP Venture ... UK Ltd.**

I would like a reassurance from the officers and senior officers of this Council that we know exactly who SFP Services Ltd are, because they are, in effect, the counter party with whom we have been dealing.

SFP Services Ltd are referenced in the letter from SBP Banque on 16th September 2008 as 100% owners of SFP Ventures Partners Ltd, and confirm the availability of funding in excess of £1 million set aside for the purpose of the bond at the Royal Sands site. The council did not undertake any specific checks of either of these companies at the time as our deal was with SFP Ventures (UK) Ltd, and had been for three years at the time the funding was transferred. This funding was via British banks and essentially involved a transfer between our relevant solicitors. There was nothing at the time, or since, that has pointed to the need to undertake further inquiries into SFP Services Ltd, though people who have raised issues more recently about money laundering have been asked to provide specific information on this either to us, or better, to the Serious Organised Crime Agency. Officers are not aware that any specific information has ever been provided on this front.

- 2. Secondly, I would like some comment from the legal department and appropriate officers as to whether we have a view as to the fact that SFP Ventures UK Ltd made an unexplained change in its accounting year last year. It actually had an accounting year last year that lasted seven months, which allows it not to report its most recent accounts until such time as the 22 May deadline has passed. I would like to know how we expect to do due diligence on an organisation that will not have up to date accounts and what that due diligence may actually consist of.**

This questions references the change by SFP Ventures (UK) Ltd in its accounting year, and how we expect to undertake due diligence.

The accounts of SFP Ventures (UK) Ltd in relation to due diligence are not the key issue as the company are known to have no significant funds within their accounts at this stage. The primary issue in relation to due diligence and moving forward are the amounts and sources of funding obtained by the developer to complete the site. These are likely to come from more than one source based on recent discussions with SFP. These sums will be the primary focus of any due diligence.

- 3. Thirdly, I understand that Council officers and Members had a meeting with the developers on Monday morning and a meeting with the Friends of Ramsgate Seafront on Monday afternoon and, by Tuesday, we had emails from Councillor Poole telling us what was going to happen (*well not telling us, actually, because the Council said nothing – telling the Friends of Ramsgate Seafront what had been agreed and what was going to happen*) and we have had five copies of an embargoed press release, but none from an official source. We have heard, this evening, from Councillor Poole how important the track record of Cardy Construction is but what he didn't say, of course, is that in the midst of last year Mr Keegan, who actually is the leading light in SFP Ventures Partners Ltd, actually named one of his other companies, Cardy Construction Development. Now, if there wasn't form for confusion of names before, I wonder if there is form for confusion of names now.**

In order to ensure that Members were able to have an informed debate at Council in response to the resident's petition, the Chief Executive requested permission from the meeting's Chairman to read out a statement of facts around the development. In order that this was properly reported by the press, following the meeting, the step was taken to provide the press with an embargoed copy of the statement one day in advance of the meeting. This document was only held by two officers of the council; the Chief Executive and the Communications Manager, and forwarded to the press as an embargoed document. No copies were provided to any Members of the Council, as it was deemed to be an apolitical statement of fact by the Chief Executive to inform balanced debate.

Companies House indicates a 'Cardy Developments Ltd' that was incorporated in October 2008 under the name Future Homes On Line Properties Ltd, and changed its name to Cardy earlier this month. As far as existing Council staff are aware, the council has had no dealings

with this company, and all previous discussions (where relevant) have involved Cardy Construction Ltd in Canterbury. However, these discussions have been with Cardys as an interested party, and not as the developer. The Council's agreement is solely with SFP Ventures (UK) Ltd only, and not with either of the companies under the name of Cardy.

- 4. Finally, I hear, this evening, from the public (*who seem to know these things better than we do*) that when Cardy weren't in the meeting on Monday and when Terence Painter wasn't in the meeting on Monday, you discussed something called the "split site approach" and I would rather that the Chief Executive had told us about that rather than the same old flannel.**

This discussion with the developer was based around alternative funding streams that they are seeking to support the delivery of the site, including obtaining separate funding for different parts of the site. The discussions were to explore the implications for the development agreement should the funding for the different elements of the development come from different sources.

As always, if this is what the developer wishes to change, it will present choices to the council about our willingness to accept changes of this nature, taking into consideration the state of the funding market, and the desire for the development to move forward now, against the needs of the council to ensure that there are sufficient protective clauses in the agreement to ensure that the development proceeds as planned. The developer is considering a number of options for providing such assurance, including options suggested by the council.

The fact that this information is still subject to negotiation and was indicative of the type of amendment being considered was made clear to the Friends of Ramsgate at the meeting, where it was explained as being illustrative to the nature of the developer discussions; hence it was not felt to be necessary, at this stage, to share with all Members, as the outcome from the negotiations could well differ.