

Ramsgate Regeneration Programme

Overview and Scrutiny Panel	15 February, 2024
Report Author	Mike Humber, Director of Environment
Portfolio Holder	Cllr Rick Everitt - Leader of the Council
Status	For Information
Classification:	Unrestricted
Key Decision	No
Ward:	Wards across Ramsgate

Executive Summary:

On 25 January 2024, Cabinet received a report which provided an update on the progress of the council's Ramsgate Regeneration Programme. A copy of the Cabinet report can be found at Annex 1. The report discusses the original bidding processes and funding awarded from the government schemes in Ramsgate (Future High Street Fund and the Levelling Up Fund); it identifies the current cost pressures facing the schemes. The report provides an update on each of the projects in the programme with a more detailed update on the Port Infrastructure project, and estimated project value.

This Overview and Scrutiny Panel report provides information in response to questions raised at a Members Briefing held on 15 January 2024 and at the meeting of Cabinet on 25 January 2024.

The Cabinet report made four recommendations for noting by Cabinet. A fifth recommendation was to refer the Cabinet report to the Overview and Scrutiny Panel and subsequently for Cabinet to consider any comments made by the panel.

Recommendation(s):

Members of the Overview and Scrutiny Panel are invited to review and scrutinise this report and the Ramsgate Regeneration Programme update report considered by Cabinet on 25 January 2024 (Annex 1), making any agreed recommendations for consideration at a future meeting of Cabinet.

Corporate Implications

Financial and Value for Money

There are no financial or value for money implications arising specifically from this report. The report to Cabinet on 25 January 2024 sets out the relevant financial and value for money implications.

Legal

This report is for information and as such there are no legal implications arising. In accordance with the provisions of the Constitution, Overview and Scrutiny Panel may make recommendations to Cabinet for consideration.

The Overview and Scrutiny Panel will note that there are significant legal issues arising out of each of the individual projects and that specialist legal advice will be sought at the relevant time.

Risk Management

There are no risk management implications arising specifically from this report. The report to Cabinet on 25 January 2024 discusses programme risk in detail and sets out some of the key risks, and mitigation measures.

Corporate

The projects that were part of the former funding programmes - Ramsgate Future High Street Fund, Margate Town Deal, and Ramsgate and Margate Levelling Up Fund projects all support the council's corporate priority for Growth, by encouraging regeneration. It will also enhance the environment through a variety of activities including traffic management, greening activities, as well as supporting our communities through new job opportunities and providing improved wellbeing.

Equality Act 2010 & Public Sector Equality Duty

There are no equalities implications arising specifically from this report.

The report to Cabinet on 25 January 2024 was for noting and not for decision. As such it was concluded that there were no equalities implications arising.

Corporate Priorities

This report relates to the following corporate priorities: -

- Growth
- Environment
- Communities

1.0 Introduction and Background

- 1.1 On 25 January 2024, Cabinet considered a report which provided an update on the progress of the council's Ramsgate Regeneration Programme. A copy of the Cabinet report can be found at Annex 1.
- 1.2 The report discusses the original bidding processes and the funding awards, along with current cost pressures. The report provides an update on each of the projects in the programme with a more detailed update on the Port Infrastructure project and estimated project value.

- 1.3 The report made four recommendations for noting by Cabinet.
- 1.4 A fifth recommendation was to refer the Cabinet report to the Overview and Scrutiny Panel and subsequently for Cabinet to consider any comments made by the panel.

2.0 Response to Recent Verbal Questions by Councillors

- 2.1 The report to Cabinet on 25 January 2024 provided an update on the Ramsgate Regeneration Programme with recommendations to Cabinet for noting. A Members Briefing was held on 15 January 2024, which also provided an update on the Ramsgate Regeneration Programme. The Members Briefing immediately preceded the publishing of the report to Cabinet on 16 January 2024. A number of questions were raised by councillors at both the Members Briefing and at the meeting of Cabinet. The remainder of section 2 provides more information in response to some of the questions raised for the information of the Overview and Scrutiny Panel.
- 2.2 The Port Infrastructure project includes both marine based works (such as the refurbishment of berths 2 and 3), and land based works needed to support ro-ro ferry operations, (such as facilities for UK Border Force). There are four principal programme stages to the marine based works. We are currently tendering for the second of those four stages which is the detailed survey work that will inform the design and refurbishment specification. An initial berth survey was carried out in 2022 and was largely undertaken on a visual basis with some representative tactile survey observations. This initial survey along with other relevant drawings and record documents forms an information pack which will help to inform bidders for the much more detailed survey, which is currently being tendered. The detailed survey will also inform a thorough contemporary works cost estimate and will be the primary data used in the design work.
- 2.3 The port infrastructure project includes works to ro-ro Berths 2 and 3 at the port. These berths were the subject of refurbishment works eight years ago with a value at the time of £1.2m. Three years later, Berth 3 was decommissioned in 2019 to reduce the cost of routine maintenance following a reduction in the port revenue base budget that year. Importantly, although decommissioned, Berth 3 is still the subject of basic inspection and essential maintenance. Berth 2 remains operational and since the last refurbishment has handled trade car arrivals generating an income of just over £1m, as well as income from other ad hoc arrivals. The purpose of the berth works is to bring them both to a standard where they can be expected to remain operational, with regular inspection and maintenance carried out by the appointed Port Operator, for the period of the contract with the Operator - which will be at least 10 years. The previous 2016 refurbishment works were some time ago and further works are now required.
- 2.4 The port and harbour requires routine maintenance dredging to maintain a sufficient depth of water for safe navigation. Dredging is understandably expensive and following the cessation of the last scheduled ferry service in 2013 a policy of dredging to accommodate the largest vessels using the port at the time was adopted. The budget for dredging was reduced in 2015 from £310k to £180k p.a., this includes the funding for hydrographic monitoring of depths in the port and harbour. The port infrastructure project includes funding for capital dredging to restore the depth at the port to that required for cross channel ferry operations. However, investment in

maintenance dredging at the port and harbour is also required and this is acknowledged in the draft 2024/25 budget with an increase of £180k proposed for the 2024/25 financial year. As the Harbour Authority, the responsibility for dredging will remain with the council, using the Port and Harbour dues to fund the investment required for dredging.

- 2.5 A substantial part of the land based works will be the refurbishment or replacement of facilities used by UK Border Force. Legislation requires statutory harbour authorities to provide and maintain border facilities for the purposes of both customs and immigration control. The former facilities last used in 2013 do not comply with current requirements and are no longer fit for purpose, most of the old facilities will therefore be replaced. The operational resourcing of those facilities and the financing of daily operations will be the responsibility of UK Border Force. Prior to submitting the Levelling Up Fund bid the council had an indication of the facilities required from Border Force, although this has changed and is being updated working with their design team.
- 2.6 The port infrastructure project is currently estimated by officers to be £10m +/- 25%. The original allocation of grant to this project was £3.514m. The Cabinet report provides further commentary on the reason for the difference between these two figures. The +/- 25% margin reflects the confidence level following the high level survey work undertaken to date on the berths and mooring spine. A much higher confidence level on the estimated works cost will be achieved following the detailed survey work. A cost plan is expected to be available by June 2024.
- 2.7 Section 4 of the Cabinet report discusses cost pressures across the programme and options for how to deal with estimated project values. Borrowing is not currently being considered to fund the estimated funding gap of £2.15m. Borrowing is not currently an attractive funding mechanism due to the relatively high interest rate. Furthermore the Council's Medium Term Financial Strategy (MTFS) predicts that the revenue budget will be in deficit in future years. The Council cannot therefore assume an increase in borrowing costs and/or income risks in future years. More detail on options that may be considered can be found in section 4 of the Cabinet report.
- 2.8 Infrastructure at the port requires routine inspection and maintenance which is funded via revenue budgets. It is of course important that this maintenance work is sufficient to maintain operational assets in a safe condition and working order for commercial use. The value of the maintenance budgets is based upon the frequency and complexity of the maintenance required for the assets concerned. When the two ro-ro berths and the associated mooring spine are in regular (daily) use, the cost of maintenance will increase beyond the existing budget value. This is because routine day to day inspection and maintenance frequency will increase as a result of the additional use and there will be a need for on-call resources to be available 24/7 to resolve operational issues on the berths to avoid impacting upon the scheduled arrival and departure of vessels. The concession contract will require the cost and delivery of this higher frequency routine maintenance to be the responsibility of the concession port operator.
- 2.9 The original Levelling Up Fund bid included a restaurant with rooms facility in the Smack Boys building. The proposal was built upon a previous proposal for the

building, which didn't have any grant funding. In the development of the bid the council had interest from the private sector in the proposal with a level of confidence that a scheme with private investment and delivery could be brought forward. Due to the listed status of the building the impact of increase in costs of materials and the inflationary pressure moved the viability for delivery of the project out of scope for the small, independent food and beverage and accommodation providers. The size of the building was not of interest to larger branded businesses. The decision was unfortunately taken to remove the proposal from the Levelling Up Fund delivery. However, officers across Regeneration, Maritime and Property are looking at options for the building, completing survey works in order to refurbish the building.

- 2.10 In the Autumn last year officers met with representatives from the Thanet Fishermen's Association (TFA) who were concerned about the ongoing costs of running the fishing facility, and their ability to deliver the required job outputs from the funding. Following a poor year of fishing, the representatives identified concerns about the ability for the fishermen to commit to being able to pay for the ongoing costs of running the building, including utilities, business rates, insurance and maintenance and repairing costs. The council's budgetary position is that there is no revenue funding for the ongoing costs in relation to any of the capital projects, unless there is a business case to support it, such as an income. As highlighted in paragraph 2.7, the MTFS predicts a revenue budget deficit in future years, which further supports the position that in the absence of additional income, there can be no revenue expenditure budget growth to support this project. The council is not presuming to take a commercial lease for the fishing facility, therefore there is no income and the management costs would need to be covered by the TFA/fishermen. The original bid had assumed the facility would be run by a third party, with the LUF investment setting the facility up. Teams across Maritime and Regeneration have been engaging with the TFA about what could be delivered to support the fleet, and keeping their home in Ramsgate Royal Harbour. The TFA has been consolidating their equipment and kit stored in the Harbour and at the Port in order to understand the amount of storage they require. The council is committed to supporting the TFA in order to remain at Ramsgate Harbour, by identifying small interventions that will support them, without the need for them to commit to running a building and creating jobs.

3.0 Next Steps

- 3.1 Members of the Overview and Scrutiny Panel are invited to review and scrutinise this report and the Ramsgate Regeneration Programme update report received by Cabinet on 25 January 2024 (Annex 1), making any agreed recommendations for consideration at a future meeting of Cabinet.

Contact Officer: Mike Humber, Director of Environment
Reporting to: Colin Carmichael, Chief Executive

Annex List

Annex 1: Ramsgate Regeneration Programme Update, Cabinet Report - 25 January 2024

Background Papers

none

Corporate Consultation

Finance: Matthew Sanham (Head of Finance, Procurement and Risk)

Legal: Ingrid Brown (Head of Legal and Democracy & Monitoring Officer)