

Ramsgate Regeneration Programme

Cabinet	25 January 2024
Report Author	Bob Porter (Director of Place)
Portfolio Holder	Cllr Rick Everitt, Leader of the Council
Status	For Decision
Classification:	Unrestricted
Key Decision	No
Ward:	Name of Ward(s) affected (if applicable)
Previously Considered by:	Cabinet - 21 September, 2023 - Simplification Pathfinder Pilot Cabinet - 2 March, 2023 - Future Delivery - Port of Ramsgate

Executive Summary:

This report provides Cabinet with an update on the progress of the council's Ramsgate Regeneration programme. The first funding application was submitted to central government in 2019 with the first projects securing funding in 2021. Following Thanet's inclusion in the government's Simplification Pathfinder Pilot, an updated programme was approved by Cabinet on 21 September 2023.

The Simplification Pathfinder Pilot Investment Plan, setting out the updated programme, has now been approved by the government. It includes all of the 19 projects identified in the draft Investment Plan considered by Cabinet on 21 September 2023, and allocates a total of £50.8m of government grant funding across the Ramsgate and Margate programmes.

This report provides a project by project update, highlighting where there has been positive progress and where issues have emerged that need to be resolved. The nature of the council's regeneration programme is highly complex and diverse. For that reason, this report only deals with the Ramsgate projects, and a separate report is being prepared in relation to the Margate programme, to be considered by Cabinet in February 2024. The Ramsgate programme includes 10 separate projects, with a total of £22.5m of government grant funding.

More detail on the background to the programme was provided to Cabinet on 21 September 2023, and it is important to consider this report within the context of the approved Simplification Pathfinder Project Investment Plan. The original proposals within the Levelling Up Fund bid were based on information that was available at the time about likely project costs and possible project timelines. At the time of the bid, the council did not have all of the necessary project management officers to deliver the programme. It has been essential to keep the programme under review as the council has secured the resources needed for delivery, progressed through design stages for each project to provide greater clarity about what is to be delivered and taken account of factors, such as inflation that have impacted on project costs during the intervening period.

Each project has a range of complexities involving property, construction, service delivery and stakeholder issues, requiring key decisions to be taken by the Cabinet, at a number of milestone stages, through each of the projects' timelines. This report sets out, for each project, where decisions will be required over the coming months and provides an indicative timeline for these decisions. All major programmes and projects, particularly those involving construction, need key decisions to be made at critical decision gateways as details about deliverables, design, costs and timelines become clearer. For a number of reasons, set out in the report, this is particularly the case for the projects in this programme.

Where there are individual projects with particular budget pressures, these are highlighted in this report. Overall, the currently estimated cost of the programme exceeds the amount of grant available and decisions will need to be made about how the programme can be amended to stay within the available budget. This is considered in more detail in section 4.

Although this report doesn't recommend any significant budget virements at this stage, it does indicate that budget virements will be required within the Ramsgate programme to ensure that the projects considered to have the highest priority are delivered in full and the linked outcomes are delivered. To this effect, the report recommends that officers commence a dialogue with the government (DLUHC) about the need to propose variations to the approved Simplification Pathway Pilot Investment Plan.

Recommendation(s):

It is recommended that Cabinet:

1. Notes the progress achieved in the delivery of the approved Ramsgate regeneration programmes.
2. Notes that further reports will be received, authorising specific procurement activities as each respective project reaches that stage, and setting out the project deliverables, timelines and costs.
3. Notes the proposed monitoring and reporting arrangements, set out in section 6.
4. Note the current funding gap in the programme.
5. Refer this report to the Overview and Scrutiny Panel and subsequently consider any comments made by the panel.

Corporate Implications

Financial and Value for Money

The projects identified in this paper have already received budget approval and have been incorporated into the council's capital programme. The projects are required to be fully funded from external grant funding allocations and there is currently no scope for Council investment in these projects.

In accordance with the council's key decision framework, further Cabinet approval will be sought before the tendering of any individual contract associated with these projects with a value of £250,000 or above.

For all the Government funded programmes, we have already received part of this funding, to commence delivery. In addition, all future DLUHC funding will be drawn down in advance of any works being undertaken. The Section 151 Officer is required to scrutinise and approve

regular monitoring returns to DLUHC. These returns will cover actual and forecast spend, alongside programme delivery and output metrics.

The council is required to provide regular monitoring and evaluation returns to central government. An outcome of being part of the Simplification Pathfinder Pilot is that the council will have a streamlined approach to the monitoring and evaluation requirements. The three programmes - Future High Street Fund, Town Deal and Levelling Up have been amalgamated into one programme of reporting. Officers have received draft return documents and are waiting for the final versions from central government.

Legal

This report is for noting and as such there are no legal implications arising. There are however significant legal issues arising out of each of the individual projects and it is noted that specialist legal advice will be sought at the relevant time. This will include advice in respect of State Aid/Subsidy Control, Procurement, Property and Contract.

Expert Legal Advice has been sought to support the programme of work in identifying an operator at the Port of Ramsgate. The advice is both specific to the procurement process as well as issues in respect of the technicalities related to developing an operational/commercial port.

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, including those which rely on ongoing management, improving heritage buildings, and enhancing protected coastal environments.

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 external funding programmes are exposed.

As part of the development of the projects robust risk registers were developed. The registers are live documents. The Risks identified in the Risk Register as "High" are 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 three programmes the most significant risks have been reported back to the Department of Levelling Up, Housing and Communities on a quarterly and six monthly basis in the monitoring and evaluation reports. It is expected that this requirement will continue, however we are waiting for the final monitoring and evaluation report templates.

Key risks, and mitigation measures

Significant Inflation pressure c20-30% increases

- Continue to lobby central government on the impact of the increase in costs of materials and labour and the subsequent inflationary increases.
- Possible value engineering required.
- Possible cancellation of projects if unaffordable
- Constant reviews of other investment opportunities/funding sources.

Availability of materials and labour

- A risk/contingency allowance is included within the cost plan.
- Suitable contract terms between the client and the main contractor will be included at the point of agreeing the Main Works Contract.
- Cost/delay likelihood expected to be known far in advance of commencing on site.
- Constant reviews of the market and supply chain will be undertaken to establish lead in times and general market concerns and issues.
- Possible value engineering required.

Commitment of private sector partners

- Continued engagement with potential private sector partners.
- Development of design proposals that are attractive to the market and can be scaled to meet changing requirements of the sector.
- Possible value engineering required.
- Management of appropriate processes - procurement, operational and property based processes in order to ensure the council is working with the right private sector partners, with relevant and robust due diligence processes are in place.

Unsecured financial contributions to the projects

- Early discussions with Private sector partners.
- Early discussions with 'other' funders to understand their requirements and ensure project delivery fit.
- Work ongoing to develop successful bids for financial contributions.

Current market conditions

- Market testing will be carried throughout each design stage to ascertain cost trends.
- Early contractor engagement to ensure the supply chain is being actively managed.

Failure or underperformance of contractors

- Use of established procurement routes, robust contracts and engagement with potential contracts early on,

Capacity of the council to support delivery of significant spend from projects within programme timescales

- Review use of extra external resources to add capacity to existing teams within the council.
- Utilise funding for fees within the projects to add capacity.
- Hold workshops to review priorities across the council in terms of delivery.

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

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.

This report relates to the following aim of the equality duty: -

- *To advance equality of opportunity between people who share a protected characteristic and people who do not share it.*

This report is to note and not for decision. As such there are no equalities implications arising.

Corporate Priorities

This report relates to the following corporate priorities: -

- *Growth*
- *Environment*
- *Communities*

1.0 Introduction and Background

1.1 Since 2019 the council has been applying for and securing significant government capital grant funding, with a total of £22.5m for regeneration projects in Ramsgate, as follows:

- Future High Street Funds - £2.7m - to provide a creative workspace and improved highways in Ramsgate.
- Ramsgate Levelling Up Fund - £19.8m - focusing on projects to enhance the Port, Harbour and providing places for local people to engage and develop skills to access the new job opportunities being created in these areas.

- 1.2 This funding represents a significant step up in the scale of the council's regeneration capital programme. At the time of the bid submissions and funding awards the council was not adequately resourced to deliver a programme at this scale. Therefore it has been essential for the council to employ additional project management officers and appoint construction design teams to deliver the programme. The council's Regeneration and Growth Service is also simultaneously delivering a £28.5m programme of investment in Margate.
- 1.3 Since the award of these funding schemes, considerable work has been completed to develop the original programme concepts into deliverable projects with updated costs and delivery timelines. In addition, the national programme - reflected here in Thanet - has been under considerable cost and delivery pressure as a result of a number of factors, including:
- The Levelling Up Fund bidding process has come in three rounds. Although national government originally indicated that there would be more than one round, many councils - including Thanet - decided to bid in Round 1 in order to secure funding, in case later Rounds were not, in fact, pursued.
 - That strategic decision, coupled with very limited bidding timescales, meant that many projects submitted for funding across the national bidding programme were only at concept stage, with only high level projections of costs and timelines. That has inevitably meant that, across the country, as well as in Thanet, the successful projects have had to adapt as plans and costs were developed.
 - A period of unexpectedly high inflation, linked to unforeseeable global events, has reduced the real value of the funding by around 25%. Government has replied to a request from the Leader to the effect that there will be no compensatory additional funding.
 - The need for many organisations to recruit the project management resources needed to deliver a national programme at scale. These resources were originally scarce, and are now significantly more so, as councils across the country seek to take on resources to deliver their projects.
- 1.4 In 2023 the government's Simplification Pathway Pilot recognised these issues and provided for streamlined project reporting, greater flexibility in the use of grant resources and extended delivery timelines for councils included within its pilot programme, which included Thanet.
- 1.5 On 21 September 2023 Cabinet approved a single investment plan, as part of this government's Simplification Pathway Pilot. The investment plan was subsequently approved by the government in December 2023. The report considered by Cabinet on 21 September 2023 set out the background to the Simplification Pathway Pilot and the additional flexibilities that the pilot provided to the council in the delivery of the programme. It acts as the baseline for the projects we are pursuing, and any decisions required, or variations made, refer to this plan as the starting point for such decisions.
- 1.6 The report considered by Cabinet in September also set out proposals for a new Regeneration Partnership Board for Thanet, to replace the previous arrangements, which required different oversight arrangements for each tranche of funding. Now that the Simplification Pathfinder Pilot Investment Plan has been signed off by the Government we are in a position to establish the new Regeneration Partnership

Board and arrange its first meeting. The makeup of the board was set out in the report, and officers have been working on the recruitment of suitable representatives to the Board in the intervening period.

- 1.7 The September report identified the range of projects within the Ramsgate programme, as set out below:
- Future High Street Fund (FHSF)
 - Creative Workspace
 - Highway Improvements
 - Modern Port Infrastructure (LUF)
 - Green Campus
 - Port Infrastructure
 - Inclusive Harbour Attractions (LUF)
 - Visitor Accommodation opportunities (amended from the Smack Boys restaurant with rooms project)
 - Fishing Facilities
 - Clock House
 - Pier Yard
 - Assets to Connect to Opportunity (LUF)
 - Newington
 - Town Centre
- 1.8 These projects are at various stages of development and all involve a complex range of property, construction, service delivery and stakeholder issues. Although the projects have all been subject to a government approval process these are, however, subject to change as greater detail about the projects is developed as they progress through concept, feasibility, design and delivery stages, using the published Royal Institute of British Architects (RIBA) stages as a guide. A summary of the RIBA stages is attached at Annex 1.
- 1.9 As projects progress through RIBA stages more accurate cost estimates are possible. The current estimates of cost, across the programme, are considered in section 4 of this report and a summary is provided at Annex 2. Inflation has been a significant factor in the programme since funding was first allocated in 2021, and as a result all projects have seen significant cost increases over this period. As it stands, the estimated cost of the entire programme exceeds the available grant funding. This report therefore notes that budget virements and/or programme changes are likely to be required to keep the cost of the programme within the level of available funding.
- 1.10 It is also the case that Officers are developing the projects with the clear objective of not committing the council's own funding to any of the projects, unless there is a business case that justifies that investment based on projected income arising from the project.
- 1.11 It will be evident, from all these parameters, that it may not be possible to deliver all projects to the original proposal; and that - as a last resort - one or more projects may need to be ceased in order to enable funding to be transferred to other projects. When agreeing the Investment Plan last September, the Leader also made it clear that the Cabinet would not be prepared to approve the transfer of funds from projects in Margate to Ramsgate, or vice versa.

- 1.12 Sections 2, 3 of this report review each project in turn and provide members with clarity about what is being delivered, and a high level project highlights. Many of the projects still have key decisions to be made before the council can commit to delivery and to incurring expenditure, and where this is the case, the report provides information about what decisions will be required and when these are likely to be needed. Any decisions that are considered to be key decisions, under the council's constitution will be taken by Cabinet, following discussion at the Overview and Scrutiny Panel. Reports recommending that projects proceed to the next stage, including procurements and the start of construction work, will set out the key project deliverables, timelines and milestones and costs.

2.0 Project Updates

This section of the report provides a brief description of each project within the Ramsgate programme and an update on the current progress of each project.

2.1 Creative Workspace:

The aim of the Future High Street Fund was to renew and reshape town centres and high streets with the incorporation of other uses to drive increases in footfall. The development of the creative workspace scheme that was bid for successfully by us was evidenced on the basis of its delivery against the Future High Street Fund objectives, a perceived demand for workspace, and through soft market testing with operators and businesses.

The scheme will create a multi-occupancy building comprising meeting rooms, offices and creative studios with the potential to include a cafe, small gallery and arts-led retail space. Workspaces will be provided across three levels of a town centre building in Ramsgate, 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.

At a meeting on 2 March 2023, Cabinet authorised that the Levelling Up Fund 'Access to Opportunities' project in the Town Centre be combined with the Future High Street Fund project for 'Creative Workspace' with both projects being delivered at 5A Broad Street, Ramsgate. The Cabinet also approved the purchase 5A Broad Street to complete this project, as part of the same report. The aim of the 'Access to Opportunities' element of this investment is to provide a space in the town centre for people to access information and support as part of wider career development. This will include community teaching space, opportunities for organisations that support people into work and engage with businesses to support job growth and a space for support and information exchange, as well as space for existing local charities to operate from. There are clear benefits of delivering both schemes - the workspace and space for people in the town centre to engage with organisations to provide them support. They are complementary uses and by combining them in one building reducing ongoing management costs, rather than having two spaces.

5A Broad Street, Ramsgate was acquired by the Council on 11 December 2023. Planning Permission was granted on 15 November for the necessary refurbishment works to the building, including the installation of a lift to ensure all spaces are accessible. The appointed design team is currently developing RIBA Stage 3/4 design before procurement is undertaken for the works. The decision to proceed with procurement will be a key decision to be made by Cabinet. Start on site is anticipated for summer 2024. In the meantime, the space is being used to support High Street Heritage Action Zone projects and engagement activities as part of the wider programme.

2.2 Highway Improvements:

The aim of this project is to make it easier for pedestrians to walk to the town centre from the Harbour, by reducing the dominance and barrier of the road layout. Harbour Parade dominates the space between the visitor attraction that is the Royal Harbour and the Town Centre. Through a series of interventions in the highway the ambition is to provide pedestrians with greater accessibility into the town centre and, therefore, to improve footfall.

This scheme was developed in line with the earlier delivery date for the Future High Street Fund of March 2024. Design and consultation for the proposals was completed in 2022, but encountered delays in securing permissions from KCC Highways. Following the inclusion of the Ramsgate schemes into the Pathfinder Pilot Scheme, these Highways works will be delivered as part of the wider Ramsgate programme. It is anticipated that this approach will minimise the risk of overlapping projects clashing in the Harbour area, and also offers the opportunity to review the design in light of current circumstances.

A Place Plan has been commissioned to support the whole programme which is being delivered in Ramsgate. This masterplan should provide a holistic urban design strategy exploring the connections and potential movement between parts of the Town, and identify opportunities for improvements to current designs.

2.3 Green Campus:

As part of the 'Green Port' overarching project a new Green Campus will create spaces for training, enterprise and light industry along Military Road, Ramsgate. This forms part of the objective to ensure that there is diversified activity at the Port of Ramsgate, providing additional employment opportunities. It is anticipated that the Green Campus will be a self-sufficient destination for enterprise and skills development. At the same time, the building's design should allow for future expansion. The Campus will be operated by a specialist operator in this field.

Jan Kattein Architects have developed this scheme to RIBA Stage 2 design. The Stage 2 Cost Plan is expected to be complete by the end of January.

As part of the Levelling Up project, the council has established a Design Review Panel. Design Review Panels are comprised of independent design and placemaking experts, who can provide advice to applicants and developers relating to building and public realm projects as part of the Planning Process. Design Review Panels provide an additional opportunity to improve design quality and feedback during design, to

developers, and support a robust Planning process. The first Thanet Design Review Panel was held in November where the stage two designs for the Green Campus were reviewed.

A Prior Information Notice (PIN) was issued for the Green Campus Operator procurement on 13 December 2023. The PIN aims to gauge interest and views from potential operators to help inform the operating model for the scheme and potential future procurement exercises. A successful PIN exercise would lead to the procurement of an operator for this site during summer 2024.

2.4 Port Infrastructure:

The Port Infrastructure project, described in greater detail below, is designed to invest in the infrastructure at the Port of Ramsgate, to enable the reintroduction of scheduled Ro-Ro ferry services operating from berths 2 and 3, with an initial focus on unaccompanied freight. The project includes both marine based works, including the refurbishment of berths 2 and 3, and the mooring spine that links the berths, together with land based works needed to support Ro-Ro ferry operations, such as Border Force facilities.

It is clearly essential that this project is coordinated with the already approved work to secure a new operator for Ro-Ro operations at the port. This is considered in more detail in section 3 below.

The council has appointed Pascall + Watson Architects, to develop a RIBA Stage 2 design for the land-based elements (which are works other than the refurbishment of the Berths and Mooring spine) of the Port Infrastructure. There has been close liaison with UK Border Force to develop the specifications for their requirements. The council, as Port Operator, is required to deliver and fund these facilities. Securing UK Border Force design comments is important in order to complete RIBA Stage 2, which is anticipated in January 2024, with the Cost Plan available for these elements at the end of January 2024.

The works relating to refurbishing the infrastructure for Berths 2 and 3 will be separately designed and costed by a series of survey and design commissions. A procurement exercise to appoint a consultant to carry out these surveys and prepare a schedule of required works is currently underway, with surveys expected to commence in March. As part of this package of works, the consultant will provide high-level budget costs based on the survey outcomes, which will support the council's decision-making processes as to how to commission the works. It is anticipated that these figures will be available in June 2024, so that Cabinet is able to consider the full scope and cost of this project. This will also provide an opportunity to consider how this project coordinates with the work to find a new operator for the Ro-Ro operations, prior to the commissioning of the construction and refurbishment works. We are aiming to be in a position where we know whether we have been successful in attracting a successful bid for a Port Operator before committing to the infrastructure expenditure.

Final pre-tender costs are not yet known for this project, but it is anticipated that they will exceed the LUF budget currently allocated to the port infrastructure. The work currently underway to commission detailed condition studies will provide greater

clarity about the likely cost and be used to inform a decision about proceeding with the berth and mooring spine refurbishments and the land based construction works. This decision will be a key decision for the Cabinet to consider and is expected to be needed in the summer 2024.

2.5 Visitor Accommodation opportunities:

In the initial bid, a proposal was put forward for the Smack Boys building, located at the harbour frontage, to be turned into a Restaurant with Rooms, including event space. The scheme was not included within the Simplification Pathway Pilot approved by Cabinet on 21 September 2023. It was omitted from the programme at this stage due to the increased cost over that awarded, which was linked both to inflationary cost pressures and the difficulties of value engineering a construction project on a listed building, following engagement with the private sector.

The listed Smack Boys building remains at risk and work has been completed to assess the costs of safeguarding the building, and consider other opportunities it may present in the context of the wider Pathfinder programme.

There is an identified need for visitor accommodation across the district. A number of parties have shown interest in developing accommodation in Ramsgate, albeit on a larger scale than could have been provided at the Smackboys building. Several sites around Ramsgate Harbour have been identified as opportunity areas for visitor accommodation and high level feasibility work has indicated that the locations are viable for potential hotel investment. Industry experts have been engaged to develop an initial feasibility assessment.

The Simplification Pathway Pilot report to Cabinet on 21 September 2023 allocated a provisional sum of £750k to this project. Any decision to use this funding to deliver a visitor accommodation project will be subject to a Cabinet decision, and will need to be taken in the context of the affordability of the Ramsgate programme as a whole, particularly if additional funding is required to support the port infrastructure project. The feasibility is expected in March 2024 and then a discussion will be held with relevant departments to consider next steps, ahead of any formal decision making required.

2.6 Fishing Facilities:

The ambition for the Fishing Facilities through the LUF bid was to create a site for the local fishing fleet where they could unload, freeze, store and process their catch. With the ability to process fish and seafood on site the fishing fleet would be able to increase their income from each catch. The aim was to revitalise the fishing industry in Ramsgate and provide an avenue to create new jobs and business opportunities.

The Fishing Facilities scheme was developed jointly with the Thanet Fishermen's Association (TFA) with several sites assessed for their location and suitability. A bid for further funding from the UK Seafood Infrastructure Fund was submitted in January 2023, to support an improvement to the wider infrastructure in the Harbour, but was not successful.

During Autumn 2023, following a period of engagement with the council, design team and the TFA on size and design of the facility, the TFA confirmed that their members were unable to financially commit to the maintenance and operation of a new facility, given the current state of decline in the fishing industry in Ramsgate. Factors including governing legislation relating to this industry and environmental and fishing impacts on local fish stocks, have impacted on the viability of the Ramsgate fleet and its ability to invest in new local infrastructure. Unfortunately, as a result, this project is unlikely to progress in its current form.

The fishing fleet remains an important part of Ramsgate as a working Harbour and council officers are continuing to work with the TFA to identify possible options for smaller scale improvements in the facilities at the harbour to support the fleet. Discussions will continue to take place with the TFA during quarter one of 2024-25.

2.7 Clock House:

As part of the Levelling Up Fund bid, The Clock House and Pier Yard schemes were identified as areas for potential development by:

- Working with key stakeholders, looking at refurbishing the Grade II listed Clock House, to create a cultural heritage exhibition space and public café.
- Transforming the Pier Yard Car Park into a new town square, taking into account access requirements.
- Aiming to create a vibrant new public space, for people to congregate in and where they can appreciate the beauty of the area.

Working with the Ramsgate Society, the proposal for the Clock House was based on plans they had been developing over a number of years. With the success of the Levelling Up Fund, and ambitions for funding applications to the National Lottery Heritage Fund and Historic England, heritage architects were commissioned to turn the plans into a deliverable scheme.

An architect team was commissioned to develop plans for the site, working with key stakeholders. The RIBA Stage 2 designs were completed by Curl La Tourelle + Head Architects in December 2023. A bid was submitted to the National Lottery Heritage Fund, based on these plans, supported by an updated business plan and proposals for consultation and engagement with Ramsgate's communities. At RIBA stage 2 the scheme was within budget, with support from the National Lottery Heritage Fund.

The council was informed last December that the bid for National Lottery Heritage Funding for the Clock House scheme was unsuccessful. Work is now underway to review the scope of this project in line with what is available through the secured Levelling Up Funding. We are working with the Ramsgate Heritage Regeneration Trust to develop a proposal for the building, which would safeguard its heritage and future, and would identify a way for the Trust to run a maritime heritage hub for Ramsgate. Refurbishment works for the building fit within the current budget and the business plan is being reviewed to ensure sustainability of the building for the future. A revised Stage 2 proposal will be designed during Spring 2024 on the basis of these discussions.

In November 2023 the Clock House was returned to the council having been leased to a third party since 2012. With the building back under council management we

have been able to start urgent works to the building, including the electrics which means we are able to ensure there is heating and lighting in the building. The next steps will be to review other urgent works required, alongside the design stages.

2.8 Pier Yard:

The ambition for the Levelling Up Fund bid was to transform the Pier Yard Car Park into a new town square, taking into account access requirements for the working harbour. The aim is to create a vibrant new public space, for people to congregate in and where they can appreciate the beauty of the area.

RIBA Stage 2 completed by Curl La Tourelle + Head Architects in December 2023. Following a review exercise, the proposed scheme for Pier Yard is within the allocated budget figure.

As identified in 2.2 the two public realm/highways schemes will be brought together to gain greater economies of scale in terms of delivery.

2.9 Newington:

The Newington Community Centre project aims to extend the existing building, to include a large teaching kitchen to expand on a popular food and cookery programme offered by the centre. The project presents an opportunity to broaden the service provision of the centre, to better link the building to its surroundings and embrace the garden/green space. It will also realise opportunities for revenue generation by allowing multiple activities to take place across the facilities at the same time.

Following a competitive tendering process, Jan Kattein Architects have been appointed as the lead designers of a multi-disciplinary team from RIBA Stages 2-6. Representatives of Starlings Support / the Newington Community Association have been invited to monthly Project Team Meetings. Monthly Steering Groups to include local residents have also been arranged on a monthly basis.

Starlings Support have been funded to carry out associated Community Engagement Activities required for the design process.

2.10 Town Centre:

See paragraph 2.1 above. Cabinet agreed, at its meeting on 2 March 2023 to combine the funding for this project, with the Future High Streets Funding to deliver creative work space. Both projects, together with the relevant outcomes, are now being delivered together as part of the combined project at 5A Broad Street, Ramsgate. The budgets for these two projects, detailed separately in the approved Simplification Pathway Pilot Investment Plan, have been amalgamated for the acquisition and refurbishment of the building.

3.0 Ramsgate Port Operations

3.1 The Port Infrastructure project, listed in 2.4 above, is to invest in the infrastructure of Ramsgate Port, to enable the reintroduction of scheduled Ro-Ro ferry services operating from berths 2 and 3, with a focus on unaccompanied freight.

3.2 Connected to this project, but with separate decision-making, the Cabinet considered a detailed report at its meeting on 2 March 2023, setting out a detailed strategy for the future management of the port. This report emphasised the need for the council to coordinate the delivery of the infrastructure project with a separate process designed to secure new operating arrangements for the port. The cabinet agreed to the following recommendations:

1. To approve the future model for delivery of the Commercial Port as set out in Option 5, in Section 10 (of the cabinet report);
2. To give delegated authority to the Chief Executive Officer to develop the procurement framework and process to be followed, to secure a port operator in accordance with Section 11 of this report;
3. To give delegated authority to the CEO to conduct an open and competitive tendering process in order to make a recommendation to Cabinet to secure a Port Operator, based on the proposed scoring criteria; following which the CEO is authorised to negotiate and award a concession contract and enter into an accompanying lease, in accordance with Section 11 of this report;
4. To give delegated authority to the CEO to conduct negotiations with the aggregate operator, which will be subject to a best value exercise to ensure the agreed proposals add value to the Port of Ramsgate, the Council, and its communities. Negotiations will also cover any requirements in terms of formal approvals required being achievable for the expansion. The agreed proposals will be recommended by the CEO to Cabinet for approval. Following this, the CEO is authorised to enter into a subsequent contractual agreement with an accompanying new (or revised existing) lease with the aggregate operator.

3.3 The relevant section from the 2 March 2023 report, setting out the key points of the approved option (Option 5), is copied below:

'Option 5 - Multi-purpose Port Hybrid option is the recommended option for the Management of the Port of Ramsgate. The council would retain the management of part of the Port, thus splitting the commercial activity by the type of operation. The council would retain control of non-ro-ro traffic, with ro-ro cargo and traffic managed by a third party. This would give the council control over how the port is managed and run, by each of the commercial entities running out of the port, but it would have less risk and responsibility. The council already has a long standing relationship with those businesses running their operations out of the Port of Ramsgate, and it would also have the flexibility to deliver the Green Campus, whilst providing potential growth opportunities alongside it, without having over all of the responsibility. The council has also managed different types of traffic in and around the port (including ro-ro freight, aggregates, wind farm operations and trade car arrivals/storage), and this would be set out in a clear agreement with a third party operator so as not to unduly impact any of the operations at the port. Implementation of this option would be via a competitive expression of interest process, leading to the selection of a successful submission, based upon the agreed scoring criteria. The subsequent agreement would take the form of a concession agreement with accompanying lease. This option would allow the flexibility to retain existing agreements with long term leaseholders (mainly wind farms operators and aggregates) and develop investment opportunities that may arise following the completion of the Green Campus project.'

- 3.4 Further work has subsequently been completed on how these two projects interact with each other and can best be coordinated, so that both the council and an appointed port operator for berths 2 and 3 can have a greater level of certainty over any infrastructure related costs during the lifetime of a new concession contract and over how any related risks and costs would be shared between the parties.
- 3.5 In July 2023 a pre-market engagement exercise was undertaken to test the level of external interest in operating a substantial part of the Port of Ramsgate. A prospectus was prepared and interested parties were invited to complete a pre-market engagement questionnaire, which sought responses on the type of operation proposed along with some key questions on the proposed concession agreement terms. This was a pre-market engagement process rather than a prequalification stage of the forthcoming concession procurement process which will be published as an open tender. The engagement exercise was extremely helpful and an encouraging number of responses were received from a wide range of parties. The responses received have helped to inform the development of the port concession model.
- 3.6 Ideally, the LUF funding allocated to the Port Infrastructure project would be sufficient to ensure that the refurbishment of berths 2 and 3 and the connecting mooring spine, as well as the required landside infrastructure, could be provided and maintained at the required standard throughout the period of the concession contract. However, it is now clear, from provisional estimates made by officers, and based on our increasing knowledge of the requirements placed on the council as port owner, that the likely costs will be significantly higher than the available LUF funding.
- 3.7 We are required, in summary, to refurbish the infrastructure to the point where it can be expected to remain operational, with regular maintenance carried out by the appointed Port Operator, for the period of the contract with the Operator - which will be at least 10+ years. There will also inevitably be some residual risk that further costs will emerge during the lifetime of the concession contract - though the costs should be able to be covered by income earned from Port operations.
- 3.8 As the Statutory Harbour Authority, we will retain an obligation to ensure that the port infrastructure is fit for purpose throughout the period of any concession agreement. We will also be responsible for the collection of berthing fees from ferry operators, and part of any income can be set aside for maintenance. The appointed operator will have the ability to charge for other related services (such as stevedoring) and use any income generated to pay concession fees to the council and to meet any other on-going obligations imposed through the agreement. These issues will be fully considered during the agreed competitive procurement exercise to appoint an operator and will be informed by the outcome of the planned condition surveys.
- 3.9 In order to help mitigate this risk in relation to the costs of the marine infrastructure, we are commissioning detailed specialist surveys and design work for the refurbishment of berths 2 and 3 and the linking mooring spine. The tender for these surveys is being advertised in January 2024. The associated Schedule of Works and Cost Plan are expected to be available by June 2024, and will be used to specify the necessary work, in parallel to the procurement and appointment of a new operator.

- 3.10 Managing the project to invest in the port infrastructure in parallel with the procurement and appointment of a port operator will also help to mitigate any risk that the council might commit to the investment in the infrastructure project but is subsequently unable to secure an operator. This risk was largely considered in the previous port report on 2 March 2023, when the strategic case for the reintroduction of Ro-Ro services to Ramsgate was considered.
- 3.11 A preliminary estimate, subject to survey, of the likely costs of the port infrastructure is set out in section 4 below, and at this stage it is expected that the grant funding currently allocated to the Port Infrastructure project will be insufficient to cover the costs. There is some scope for the costs of particular elements to be included within the responsibilities of the appointed operator. Any responsibilities passed to the operator would be reflected within the agreed concession fees. All other additional costs, over and above that available from the Levelling Up Funds, will need to be covered by transferring LUF grant funding from one or more other Ramsgate projects, as the council is unable to provide funding for any shortfall (as set out in para 1.7 above). At this stage, given the position on the Visitor Accommodation (para 2.5 above) and Fishing Facilities (para 2.6 above), we are working on the hypothesis that funds could be transferred from these schemes to the Port infrastructure.
- 3.12 This parallel approach to these two interdependent projects has added significant complexity to the port elements of the Ramsgate regeneration programme, but will help to ensure that the overall level of risk posed to the council, in relation to the operation of the port is reduced. This complexity has impacted on the overall project timeline.
- 3.13 We must also consider the possible alternative uses for the Port site, should this joint project become undeliverable.

4.0 Cost Pressures

- 4.1 The report to Cabinet in September 2023 identified that there has been significant inflation related pressures on projects within national Levelling Up and Regeneration programmes. This is equally true of the Ramsgate programme, and although reasonable assumptions were included for inflation and contingencies they have not matched the unforeseeable levels of inflation at 20-30% for some of the projects in programme. This is a feature of LUF allocations across the country. Every council in receipt of LUF funding is in this position. Unforeseen works, at the time of the original LUF bid for Ramsgate, have also added additional costs in some instances. The inflationary pressure has also impacted on the cost of living and affected the viability of the business plans of some of the schemes and their deliverable outputs, which also needs to be considered. These assumptions were reset as part of the approved Simplification Pathway Pilot Investment Plan, but will need further review if there are any significant changes to the programme.
- 4.2 There are a number of options for how these significant increases in costs can be dealt with, as follows:
- Value Engineering: A process to review the size, scale, design and materials proposed for construction projects. Easier to achieve with new build projects than for refurbishment projects, particularly where buildings may be listed.

Where buildings are reduced in scale it is also necessary to consider whether they will still enable the same level of outputs to be achieved

- Seeking additional external funding: This approach has so far not proved productive, for example, the council was unsuccessful with bids submitted to the National Lottery Heritage Fund to support the cost of works to the listed Clock House and to the UK Seafood Infrastructure Fund to add to the proposed fishing facilities with related works around the harbour . To date, match funding for the Green Campus project has not been forthcoming from potential operators, however the PIN process may identify opportunities for match funding. That said, these outcomes have not resulted in projects becoming undeliverable and projects can be delivered in a way that allows future match funding and expansion. There is also some scope for the appointed operator for the Ro-Ro operations to cover some of the related port infrastructure costs, as identified in paragraph 3.10 above. As the port is potentially of national significance, engagement with central government about the current costs and funding gap is continuing.

4.3 There is currently no scope for the council to directly contribute to any of the costs of the programme, unless supported by a clear business case that investment would be self-funding. Therefore, if the options of value engineering and external funding are insufficient to deliver the programme within the available resources the council will also need to consider the reallocation of funding between projects to ensure that priority projects are resourced to completion. This will inevitably involve some projects being either reduced in scale or removed from the programme in their entirety.

4.4 Work to review the scope and costs of the Ramsgate Regeneration programme is on-going, and the options set out above continue to be explored. The council will need to resolve these issues during the spring/summer 2024 and agree the final form of the programme, so that there is sufficient time to deliver construction projects and commit spending against the Future High Streets Fund and Levelling Up Fund by the deadline of March 2026.

4.5 The port infrastructure remains a critical cost risk at this stage and the completion of detailed condition surveys of berths 2 and 3 and the linked mooring spine is essential to reduce this risk and determine the final form of the Ramsgate programme. Initial work has been completed in-house to determine a best estimate of cost, based on detailed information currently available about the scope of works required, but this does need external validation based on the survey findings. Based on current project timelines, the draft condition survey report is anticipated to be available in June 2024.

4.6 The cost pressures described above have created a very challenging cost environment across the Ramsgate programme. This is shown in more detail in Annex 2 to this report, which details the original grant allocations, the current estimated cost of projects in the programme and some potential options for grant and cost reallocation. There have already been some changes to the original programme, following the report to Cabinet in September 2023, and further changes to ensure that the programme remains within the available budget are considered possible at this stage. These changes are:

- The removal of the original Smackboys project from the programme when the Simplification Investment Plan was approved (Approved by Cabinet on 21 September 2023). The original allocation of grant to this project was £2.671m.

- The fishing facilities project, as considered in paragraph 2.6 above is unlikely to proceed in its current form and can be significantly reduced in scale and cost. The original allocation of grant to this project was £3.918m.
- The Green Campus is a proposed new build project which means that there is scope to reduce the design and scale (and therefore cost) of the building through a process of value engineering, so that the cost remains within its original grant allocation of £6.101m.
- The port infrastructure project is currently estimated at £10m +/- 25%. The original allocation of grant to this project was £3.514m.
- Options are being considered to close the current estimated funding gap of £2.15m. This includes engagement with central government, and exploring the potential to reallocate some of the cost of the port infrastructure project to the appointed operator, through the terms of the proposed concession agreement. The ability to include some costs with the concession agreement will not be known until an operator has been identified and agreements are in place. In addition, the actual value of the shortfall will not be known until all costs have been quantified.

4.7 Decisions about these potential changes will need to be taken as soon as the costs relating to berth 2 and 3 and the linked mooring spine are better defined, following survey. This is expected in June 2024. For now, Annex 2 presents a potential way forward for the programme and although no specific budget virements are proposed at this time, members are asked to note the likely need for budget virements and/or programme changes to be made subsequently.

4.8 Within the terms of the Simplification Pathfinder Pilot the council is permitted to vire up to £5m between projects, without the need to obtain consent from the government. Virements above this level would require an approved project adjustment. It is not clear whether this £5m limit applies to a single project or to the totality of virements across the whole Investment Plan. In addition, the flexibility to vire funding between projects only applies to existing projects: the allocation of any funding to new projects would require the sign off of a new business case by Government. Any proposal to vire money between projects will require a Cabinet decision.

4.9 It is important to note that the Simplification Pathway Pilot Investment Plan includes the Margate Regeneration Programme, which will be subject to a separate report to Cabinet. It is likely that the council will require government sign off for the scale of the potential budget virements set out above.

5.0 Programme Timeline and Milestones

5.1 Clear project milestones and timelines will be required for all projects so that the council is able to monitor and report on the progress of project delivery.

5.2 Where key dates are known for the next key activities that need to be delivered, these are set out within the project level summaries, included in section 2 above.

5.3 Each project that proceeds to a delivery stage will have key milestones and timelines defined at the outset. This information, as well as key information about project deliverables and project costs, will be detailed in the key decision reports that will be needed to authorise the procurement of construction projects.

6.0 Project Monitoring and Reporting Arrangements

- 6.1 The Simplification Pathway Pilot Investment Plan effectively combined the three previous programmes (Levelling Up Fund, Town Deal and Future High Streets Fund) across both Margate and Ramsgate programmes into a single investment plan.
- 6.2 Under the Simplification Pathfinder Pilot the existing projects, approved by Cabinet in September 2023 were reprofiled against the intervention themes for the Pilot. These themes are:
- Enhancing sub-regional and regional connectivity
 - Unlocking and enabling industrial and commercial development
 - Strengthening the visitor and local service economy
 - Improving the quality of life of residents
 - Employment and education

The council is required to provide the monitoring and evaluation information to the government in relation to project delivery and outputs across these themes rather than for individual projects. These arrangements were detailed in [Annex 1](#) of the report considered by Cabinet in September.

- 6.3 As the accountable body for the delivery of the overall Investment Plan, it is essential that there is also project level monitoring and reporting of key project based information, including progress against agreed project timelines, changes to project deliverables and costs performance against budget. Officers will continue to monitor project and programme level information through the established internal Project Delivery Board and key performance and monitoring information will be reported to the Overview and Scrutiny Panel and the Cabinet quarterly.
- 6.4 Key performance and monitoring information will also be reported to the new Regeneration Partnership Board, whose [Terms of Reference](#) were agreed by Cabinet in September. Progress on the establishment of the new Regeneration Partnership Board is provided in section 7, below.
- 6.5 Central government has recently provided an outline of the monitoring and evaluation requirements for the amalgamated programme of projects. A detailed Monitoring and Evaluation (M&E) form will be completed during Quarter two and Quarter four of each year, and a light-touch RAG (Red, Amber, Green) rating report will be completed for Quarter one and Quarter three. Guidance for completing the M&E questions is expected to be provided when the final version of the returns are sent to the council, with their deadlines.
- 6.6 The light touch M&E return requires programme level RAG rating on the council's ability to spend the current spending profile and the current portfolio-level delivery progress. An explanation is required with this. The second part to the return is a RAG rating for each project against spend and delivery risk.
- 6.7 The detailed M&E return requires a more detailed update on progress, with information on the delivery of our portfolio of projects, which includes spend and delivery RAG ratings for each project, issues, and key upcoming milestones. A section on Outputs and Outcomes about what the portfolio is delivering - and what

the projects are forecasting to deliver. This will be against each intervention theme. The return requires an update on the top five risks and mitigations across the portfolio. Information on the portfolio finances will include information on committed and forecasted spend at both portfolio and project level, and plans for uncommitted funding, or underspend.

7.0 Regeneration Partnership Board

- 7.1 Prior to Christmas the council received notification that the proposed Investment Plan, as part of the Simplification Pathfinder Pilot, had been approved by Ministers. This was welcome news, meaning that the council is now able to move forward with setting up the Regeneration Partnership Board, to provide the council with oversight on the delivery of the regeneration projects across the district.
- 7.2 At the Cabinet meeting on the 21 September 2023, Cabinet approved the recommendation to set-up a new Partnership Board with the recruitment of Board members to be in consultation with the Leader of the Council. Invitation letters have been sent to business and community representatives, Ramsgate Town Council and Margate Charter Trustees have been invited to propose a Board member, and a draft Terms of Reference has been shared.
- 7.3 Once all positions of the new Regeneration Partnership Board have been filled the first meeting will be held, the aim is for this to be early March. An area of the council's website will be allocated to the Partnership Board, including information on the members, their declarations of interest, agendas and minutes.

8.0 Next Steps

- 8.1 It is proposed that this report is presented to the Overview and Scrutiny Panel for their consideration, at the earliest opportunity. Any comments and recommendations made by the Overview and Scrutiny Panel will then be referred back to Cabinet for their consideration.
- 8.2 Further reports will be presented to the Overview and Scrutiny Panel setting out the project deliverables, timelines and milestones and project costs for all projects in the programme. Where appropriate, these key decisions will be needed to authorise project expenditure. Recommendations will take into account the overall cost of the programme, compared to the available funding, including the costs relating to the port infrastructure project, once there is greater clarity about these costs.

Contact Officer: Bob Porter (Director of Place)
Reporting to: Colin Carmichael (Chief Executive)

Annex List

Annex 1: Summary of RIBA stages
Annex 2: Financial Summary

Background Papers

None

Corporate Consultation

Finance: Matthew Sanham (Head of Finance and Procurement)

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