

Margate Regeneration Programme

Extraordinary Cabinet	29 February 2024
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Portfolio Holder	Councillor Ruth Duckworth. Cabinet Member for Regeneration and Growth
Status	For Decision
Classification:	Unrestricted
Key Decision	No
Previously Considered by	Cabinet - 8 June, 2021 Cabinet - 21 September, 2023
Ward:	Margate Central and Cliftonville West

Executive Summary:

This report provides Cabinet with an update on the progress of the council's Margate Regeneration programme, as approved by Cabinet on 21 September 2023 as part of the Simplification Pathfinder Pilot.

The [Simplification Pathfinder Pilot](#) Investment Plan 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 just over £51m of government grant funding across the Margate and Ramsgate 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 Margate projects. The Margate programme includes nine separate projects, with a total of £28.5m of government grant funding.

The Margate Levelling Up Fund project - Margate Digital is the subject of a further decision report, elsewhere on this agenda.

Each of the Margate projects is complex involving a range of property, construction, service delivery and partnership issues requiring key decisions to be taken by the Cabinet a number of milestones through each project timeline. This report sets out, for each project, the decisions that 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. And although this report doesn't recommend any budget virements at this stage, it does indicate that budget virements may be required within the Margate 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, officers will continue 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 Margate regeneration projects in this report.
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 that there will be a future decision report required for the reallocation of funding, following the announcement relating to the funding allocation to the Destination Dreamland project.
5. Refer this report to the Overview and Scrutiny Panel and subsequently consider any recommendations 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 Department for Levelling Up, Housing and Communities (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 Contracts.

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 Council's 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 basis in the monitoring and evaluation reports.

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.
- A risk/contingency allowance is included within the cost plan.

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.

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 pre-market engagement.

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.

Reliance of some of the projects on further funding bids

- Engage with third party funders to ensure that the project is likely to meet the requirements needed for their funding.
- Engage early with third party stakeholders in the development of funding bids where other organisations engagement is required.
- Ensure time is set aside for project managers to fully engage with funders with specific queries, and in order to complete the bid.
- Identify a 'Plan B' in order to deliver the government funding and the outputs, potentially in a different way.
- Keep DLUHC involved in the process through regular meetings.

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 identifies delivery against Priority Four - to create a thriving place, in the council's newly adopted Corporate Plan 2024-28. It provides an update on our multi-million pound regeneration schemes being delivered in Margate.

1.0 Introduction and Background

1.1 On 6 September 2019 the government invited 101 places in England to develop proposals for a Town Deal. In March 2021 Thanet District Council and the Margate Town Deal Board received Heads of Terms from the Department for Levelling Up, Housing and Communities (DLUHC) with an in principle offer of up to £22.2m to deliver the Margate Town Investment Plan. The funding was to deliver ten projects across four interventions:

- Scaling Margate's Production and Skills,
- Coastal Wellbeing,
- Active Movement,
- Connections and Diversifying Heritage Assets.

The projects included a range of schemes that were either being delivered directly by the council and those being delivered by third parties.

1.2 This funding represents a significant step up in the scale of the council's regeneration capital programme. At the time of all the regeneration 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 £22.5m programme of investment in Ramsgate.

- 1.3 Since the Heads of Terms agreement from DLUHC the Town Deal Board/Thanet District Council had up to a year to develop Green Book compliant Business Cases for each identifiable project. Seven business cases were developed in total, with the council successfully bidding for a further £70,000 of capacity funding to support the development of these business cases. Margate was one of the first places to submit a business case Summary Document, which was swiftly approved by DLUHC. The business case Summary Documents for all interventions were approved by October, 2022. Since then considerable work has been completed to develop the projects from government business cases into deliverable capital projects. This includes updating costs and delivery timelines. Across the array of regeneration capital funding awarded by central government, the national picture of delivery and challenges is reflected here in Thanet. The national programme has been under considerable cost and delivery pressure as a result of a number of factors, including:
- 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 ten 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, further details are in section 6 of this report.
- 1.7 The September report identified the range of projects within the Margate programme, as set out below:
- Margate Levelling Up Fund - Margate Digital Campus
 - Margate Town Deal Intervention 1 - Scaling Margate's Creative Production and Skills
 - Margate Creative Land Trust including participation and engagement activities
 - Theatre Royal including participation and engagement activities
 - Margate Town Deal Intervention 2 - Coastal Wellbeing
 - Access Walpole
 - Testing New Uses, participation and skills programme for wellbeing, including beach facilities

- Improved Coastal Environment
- Margate Town Deal Intervention 3 - Active Movement and Connections
- Margate Town Deal Intervention 4 - Diversifying Heritage Assets
 - Margate Winter Gardens
 - Destination Dreamland

- 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 3 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, and as a result all projects have seen significant cost increases over this period.
- 1.10 In the development of sustainable projects, Officers are developing the projects with the clear objective of not committing the council's own funding to the capital delivery of any of the projects, unless there is a business case that justifies that investment based on projected income arising from the project. Officers are also working through sustainable business models to ensure that projects do not negatively impact the councils ongoing revenue budgets.
- 1.11 It will be evident, from all these parameters, that it may not be possible to deliver all projects to the original proposal, where projects are rescope, or as a last resort there is a need to cease a project - funding will be transferred to other projects in the programme. 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 Section 2 of this report reviews each project in turn and provides 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 Margate programme and an update on the current progress of each project.

- 2.1 Margate Levelling Up Fund - Margate Digital Campus

The Council submitted the bid for the MargateDigital Campus on behalf of East Kent College Group in support of the Council's corporate priority for Growth, including encouraging the rejuvenation of our high streets and providing opportunities to people for skills and training, particularly young people. The Government's priorities and aspirations for town centres is to see improvements within town centres, including the repurposing of empty commercial properties, to help create jobs and build stronger and more resilient local economies.

The Creative Industries is a growth sector in Thanet, which was clearly identified in the Margate Town Investment Plan. The Margate Digital campus will directly deliver outcomes that provide support for the creative industries through education and skills provision, and economically improving the high street.

Council Officers have been engaging with Homes England on the proposal to lease 53-57 High Street to East Kent College Group to deliver this project.

A decision report is being considered by Cabinet on 29 February, 2024 in order to move delivery of the project forward.

2.2 Scaling Margate's Production and Skills - Margate Creative Land Trust

Through the Margate Town Deal £6,700,000 has been allocated to a project to set up a Creative Land Trust in Margate. The aim of the funding is to set up the operation of the organisation; purchase physical space in Margate and provide affordable rents; and deliver community programmes to support inclusive and sustainable practice in the creative industries, ensuring that Margate's residents benefit from the town's creative economy.

Their remit is to support the creative sector in Margate by providing affordable work-space for creative practice, providing enterprise and business support, as well as delivering community programmes that build the capacity of the sector.

A successful application was made to the Charity Commission and in May 2022 a proactive recruitment campaign saw a full Board of Trustees engaged to lead the Trust. Since then the Margate Creative Land Trust has recruited 2.4 FTE including the Executive Director, Operations and Finance Manager and the Acquisition and Development Manager. A new approach to their engagement and communications has resulted in the development of a more comprehensive role as Community Engagement Lead, to help them deliver a responsive programme of outreach and support, and a Marketing & Communications Lead, who will help drive brand recognition alongside the development of exciting, innovative creative content that better reflects the work of the Trust.

The Margate Creative Land Trust has a board of eight trustees in place who actively supports the work of the Trust. They will shortly be advertising for a dedicated Treasurer for the Board. The Board has a Property, and a Finance & Resource Sub Committee.

Last year a survey was launched with 176 completed surveys for their Creative Spaces research. This is being used alongside their ongoing mapping of the

workspace sector in Margate to understand the offer and benchmark rental costs. This networking has enabled them to build a wider, deeper appreciation of the range of creative practitioners currently working across Margate and the wider Thanet district. This will help inform their investment decisions and provide the evidence they require. Analysis of their survey is available on the Margate Creative Land Trust website.

Over the summer of 2023, the Trust ran a call out to invite Margate residents and creatives to join a Community Panel. The aim of the Community Panel is to enhance their engagement work within the locality, addressing issues around inclusivity and ensuring that opportunities within the creative sector are widely disseminated across Margate, enabling the Trust to reach communities that are not necessarily engaging with creative and cultural activities. The first meeting was in December 2023, with ten panel members in attendance. The panel has representation across all ages and from a range of backgrounds, with expertise in developing creative work and projects with young people, working to deliver inclusive and engaging creative programmes, place-based initiatives and creative practitioners and freelancers. The first meeting of 2024 takes place in February,

The Trust has met with 14 workspace providers over the last year to enable their understanding of the pressures and challenges faced by artists and creative businesses working in the sector. The Trust is focused on ensuring that they support established workspace providers and work collaboratively with them. The development of their property portfolio aims to not crowd out existing providers in Margate, rather, the work of the Trust should add value to what currently exists.

The Margate Creative Land Trust has investigated over 40 properties. A due diligence process and business planning model has been established so that any property or land purchases can be been appropriately analysed and valued. The Trust has a shortlist of four properties that they are closely examining and intend to make a purchase on one of these sites before the end of this financial year. In addition to making an initial property purchase, they are continuing to pursue opportunities for a modular and meanwhile scheme in Margate.

Officers continue their engagement with the Margate Creative Land Trust and receive quarterly monitoring and evaluation returns, with updates on their progress.

2.3 Scaling Margate's Production and Skills - Theatre Royal Margate

Through the Margate Town Deal £2,200,000 has been allocated to a project to restore and secure a future for the Theatre Royal Margate. 19 Hawley Square, which is adjacent to the Theatre is included in the project in order to secure a sustainable future for the Theatre, to try to prevent it being reliant on subsidy. Previously [Cabinet](#) agreed that this funding will help unlock other public and private match funding in order to develop a hub of performing arts in Margate. Authority was given to market the proposal for the Theatre Royal and 19 Hawley Square in order to identify an operator/commercial partner. Returning to a Cabinet meeting with lease terms and auxiliary documentation for final approval. In December 2023 officers initiated a Prior Information Notice (PIN), testing interest from operators in the marketplace, in order to understand the level and type of interest from operators in running the Theatre.

At the same meeting approval was provided to submit an expression of interest to the Arts Council England for the Cultural Development Fund, which was unfortunately unsuccessful, and to submit a Development Phase Grant to the National Lottery Heritage Fund. An expression of interest to the National Lottery Heritage Fund was successful with the deadline for the Development Grant application on 29 February, 2024. Authority was given to commission works to the building, these works have been reviewed and scaled back to those that are most urgent, in order to ensure that there is enough match funding from the Town Deal programme for the Lottery bid. The works are currently going through the council's procurement processes.

In March 2023 a specialist project manager was recruited who has developed [a new vision](#) for the Theatre Royal and 19 Hawley Square in order to deliver the Town Deal and National Lottery outputs, and support the sustainability of the Theatre Royal. The vision is:

Theatre Royal Margate and 19 Hawley Square 245 years of performance heritage conserved, restored and modernised with the ambition of becoming a '*Nationally Significant Performing Arts Cluster in Margate*'. Combining heritage, performance and sustainability to create a circular theatre production economy, raising the profile of the performing arts and creating the environment to enable;

- **Participation;** hyperlocal (Margate/ Thanet) employment, engagement and training of young people in performing arts and creative careers
- **Programming;** providing a unique heritage stage for local, national and international performances and multi arts programming
- **Producing;** using homegrown talent and locally made high quality theatre productions with national and international reach

Over 50,000 people have engaged with the online communications about the project since March 2023. In December 2023 we hosted a public engagement event and a two week online survey. 175 attended the event and 200 surveys have been completed, with a further 19,123 engaging online. The engagement exercise was also used to test the view of stakeholders in relation to closing the road between the Theatre and 19 Hawley Square, with a view to supporting the Theatre's activities - this has been included in the discussions with the National Lottery Heritage Fund about the Theatre's bid. Using early market engagement (PIN) and operator questionnaires, over 16 operators have engaged, which has resulted in seven questionnaires being returned to the council. This allows the council to understand operators' approach and parameters to deliver the new vision. An operator options appraisal and business case is being prepared with experts Bonnar Keenlyside utilising Theatre's Trust funding (£10,000) from Resilient Theatres; Resilient Communities grant also secured in 2023. The same funding supported a heritage significance statement to support heritage understanding and the imminent application to the National Lottery Heritage Fund for £4,500,000. It is estimated that the total project cost is currently £6,704,000.

The timeline for delivery will follow the National Lottery Heritage Fund process and we expect decisions for the development grant in July 2024 (following submission in February, 2024). The second round application deadline is May 2025, with a decision expected in September 2025. Reaching RIBA stage 3 and/or 4, and achieving

planning permission and listed building consent will be required in that period.

Future cabinet decisions will be required in relation to the final decisions for model of operation for the Theatre, for the second stage Lottery application and for procuring works to the building, in line with the councils Key Decision making set out in the Constitution. Officers are also in discussion with Arts Council England on a proposal for the Cultural Development Fund.

2.4 Coastal Wellbeing

The Coastal Wellbeing intervention consists of a range of projects in close geographic proximity along a stretch of Cliftonville coastline. Whilst they each bring their own outcomes, the overarching aim is that these projects collectively create new opportunities for the local communities to engage in health and wellbeing activity, connect with the coastline, with the aim of improving health inequalities in the area. This Margate Town Deal intervention is considered to be one project when reporting back to central government.

2.4.1 Access Walpole will deliver several projects at Walpole Bay to enhance access and connections to the coast, bringing the sea and all its benefits back to the people who live in or visit this area. This will include the reinstatement of the grade II listed Cliff lift. All surveys have been undertaken and technical specifications being finalised ahead of procurement of works and a Listed Building Consent application. There will be two stages of works; internal mechanical and electrical works which will take place this summer, followed by external structural works in the autumn. High level cost estimates suggest that the structural works will require a Key Decision by Cabinet ahead of procurement, which will be programmed into the Forward Plan. The intention is for the ongoing maintenance and day to day running of the lift to be incorporated in any lease arrangements with concession or commercial opportunities that are created at the bay through the Town Deal funding. Alongside the lift, Access Walpole will likely see refurbishment of the steps between the upper and lower promenade, improvements to the tidal pool and traffic management solutions implemented along the Hodges Gap promenade to create a pedestrian dominant space, which will host a new Wellbeing Pavilion.

2.4.2 Testing New Uses, participation and skills programme for wellbeing, including beach facilities includes capital and revenue investment to enable the testing and experimentation of commercial and health and wellbeing opportunities. Sitting at the centre of the Testing New Uses project is a new Wellbeing Pavilion on the lower promenade at Walpole Bay. The pavilion will accommodate a cafe and a bookable wellbeing space, which the whole community will have access to. This will provide a hub to support enterprise, community, health and wellbeing, and education activity. Alongside this, the facility will provide new beach facilities including toilets and showers for the ever growing number of all year round sea swimmers and visitors.

Curl La Tourelle + Head Architecture has been appointed as architects to RIBA Stage 3 for the Wellbeing Pavilion. RIBA stage 2 completed in January 2023 and the design team are currently undergoing a cost review and value engineering exercise and preparing for Planning as Stage 3 commences. The plans for the project will be going through the newly set-up Design Review Panel in the development of the scheme

ready for Planning. Officers are developing plans for the procurement of contractors and design teams post RIBA Stage 3.

Early Stage 2 costs are showing a funding shortfall due to the cost of inflation pressures and the need to design out flood risk and crime on the designated lower promenade site. It is expected that funding from across the Coastal Wellbeing intervention could be reallocated within the intervention to support delivery of the Wellbeing Pavilion. A Cabinet decision will be required for the reallocation of any funding between projects.

Considerations are being given to the operational management model of the Wellbeing Pavilion as the design progresses, with sustainable delivery models in mind to include the day to day running of the lift, public toilets, commercial cafe and community space.

There has been a lot of public and stakeholder interest in the Walpole Bay projects, in October 2023 the council hosted a public engagement event and exhibition which over 400 people attended. 670 surveys were also completed in a two week period which has helped to inform decisions around the early design and site location for the Wellbeing Pavilion. There are many interested parties, sometimes with conflicting views that need to be considered, as well as statutory stakeholders such as the Environment Agency, Natural England and Historic England in relation to the tidal pool. It is important that the projects deliver the ambition of the Town Investment Plan to improve health and wellbeing, and particularly those who are currently least likely to access the opportunities available from our coastline.

The Testing New Uses, Participation and Skills Programme is being delivered with revenue funding to ensure that the capital investment benefits the communities we are trying to reach. The project has funded a Coastal Wellbeing Coordinator who is working with stakeholders and voluntary sector organisations serving the neighbouring communities, to help build capacity and secure funding for their organisations. Following a successful Coastal Wellbeing activity pilot in 2023, there will be another activity programme running from Easter 2024. The programme of activity will be informed by the community via surveys, and engagement activity, and learning from the previous pilot.

This project provides an opportunity to experiment and test what can work in this area, informing what could be replicated and built upon across the town and district in the future.

The council is in the study phase of a bid to the Environment Agency for Walpole Bay. Study funding will now be used to produce a business case in order to secure the capital funding needed for delivery of the c£300,000 Coastal Erosion Protection Scheme, which will be considered as match funding for the Town Deal Testing New Uses project. If the business case is completed in summer 2024 the construction phase for the scheme would be autumn 2024, or spring 2025.

- 2.4.3 The Skatepark Project will create a regionally significant skatepark for Margate, something for the people of Margate to be proud of and give a safe community space to young people. Designed to cater for absolute beginners up to experienced skateboarders, the new recreation facility will regenerate the site on Ethelbert

Crescent. £750,000.00 has been allocated from the Town Deal and a further £59,000.00 from Thanet District Council to deliver the capital project. The scheme will include a concession with ancillary spaces and a toilet. This will provide an opportunity to support the management and maintenance of the skatepark. The project proposers for the skatepark have already commissioned and engaged on a high level design for the park. The council is now completing an early market engagement exercise with prospective contractors, this will take place during February 2024. A prospectus has been developed and through a formal process the council will be inviting interested parties to complete a pre-market engagement questionnaire. This information will be used in the development of the specifications and briefs in the contractor procurement process.

Ahead of the procurement process a Key Decision will be required through Cabinet. Officers are assessing in more detail the impact of inflationary pressure on delivery against the high level design for the skatepark. Working with the project proposers, officers are developing a plan for the ongoing management and maintenance of the skatepark and what the requirements will be.

The project will require Planning approval and officers have sought advice from Conservation and Planning to inform the design of the scheme.

2.5 Active Movement and Connections

The total Town Deal funding allocation for Active Movement and Connections is currently £5,300,000 to include; toilet provision and a wayfinding strategy and implementation for the town alongside, public realm and highway interventions.

2.5.1 Toilets

The indicative budget allocated to deliver toilet facilities in the town is currently £400,000. Following a series of surveys and investigative works, the ambition is to reinstate the Marine Terrace subterranean toilets; the current facility requires remedial works and significant improvements, including structural and drainage works. It currently does not provide accessible access under the Equality Act 2010. Thus, feasibility of a single new build accessible toilet will be considered at promenade level. While the reinstatement of the subterranean toilets is a Town Deal project with funding, the aim is to deliver the scheme in line with the council's wider Public Toilets Refurbishment and Renewal Project.

A Cabinet decision will be required ahead of procurement of the works with the ambition that the toilets will be in use for summer 2025.

2.5.2 Wayfinding

There is also an allocation of funding within the intervention for new and improved wayfinding in the town to promote better pedestrian movement, to promote discovery, and better connect the areas of investment. It is anticipated that a wayfinding evaluation and implementation is procured in spring 2024. A Cabinet decision is unlikely to be required ahead of procurement due to the budget and contract value being under the required threshold.

2.5.3 Highways Scheme

A package of highway initiatives were shortlisted for inclusion in the Active Movement and Connections Business Case, which was supported by the former Margate Town Deal Board. The initiatives included footpath and junction improvements designed to improve connectivity and to give more priority to pedestrians, and a light touch reconfiguration of Cecil Square. An early cost estimate in 2022 indicated £4,800,000 to deliver this package as the highway element within the Active Movement and Connections intervention. The Summary Document submission to DLUHC indicated that through detailed design the number of interventions would likely be reduced, as detailed design costs were identified.

Although the above package option was agreed for the Business Case, there was discussion at the Margate Town Deal Board as to whether the proposals were spread over a too wide geographical area; the funding might have more impact if focused in Margate Town Centre/High Street/Old Town. The Town Investment Plan aimed to help and encourage people to move between Margate Central, the Old Town and Cliftonville West.

An alternative stand alone scheme for a focussed investment to reimagine Cecil Square has since been proposed. The current potential scheme proposes significant changes to the square including improvements to traffic signalling and reducing the dominance of cars in the Square. The proposal includes very high level designs, based on some traffic modelling. However, further traffic studies and survey work is required before moving to the next steps of model testing the high level designs and moving to a detailed design and engagement stage. A high level cost estimate for the potential Cecil Square proposal was provided by Allen Dadswell in November 2022. Depending on whether Thanet District Council, or Kent Council Council delivered the scheme, the proposals look like they will cost in the region of £5,500,000. If the council delivers the scheme itself the cost will be slightly higher on the basis that as a district council, not responsible for highways, we do not have in-house expertise for highways schemes.

Engagement has taken place with Kent Council Council as the Highway Authority regarding deliverability of the proposed scheme and these need to continue. Further surveys (core and services) will need to be undertaken if we decide to pursue the potential Cecil Square scheme as proposed. The project design will need to be refined and costs, and assumptions will need to be updated based on survey findings, design and further inflation. Discussions with highway engineering and public realm specialists have suggested that the overall proposal could be phased, with some public realm improvements being considered first, whilst developing a master plan for any potential future funding to deliver.

Whether the package of small projects or the potential Cecil Square proposal are taken forward, this would be subject to further prioritisation due to budget constraints, investigation by Highways, including but not limited to a technical approval process, safety audits, topographical data, equalities impact audit and policy alignment.

Any scheme involving reconfiguration of Cecil Square will require full engagement with stakeholders, including but not limited to Stagecoach, businesses in and around

Cecil Square and Margate's various communities. A discussion is needed regarding the next steps at the new Regeneration Partnership Board.

2.6 Diversifying Heritage Assets - Margate Winter Gardens

The Margate Winter Gardens project has an allocation of £300,000 of revenue funding, to enable the council to bring in external expertise to help complete an appraisal of the Winter Gardens, market the building and help secure a viable, sustainable long-term delivery model for the venue. In the initial Margate Town Investment Plan was an ask for £4,000,000 capital funding for investment in the building. DLUHC requested further information about the delivery of the original investment requirement and what it would include and a long term plan for the future. At that time the council did not have a long term plan with a potential operator/partner, and therefore did not have a detailed understanding about all the costs. With limited funds in order to progress the required work to understand the current condition of the building, be able to articulate its demand and show its financial sustainability and viability, at a time when all of the Town Deal projects were being reprioritised due the offer from central government being lower than the funding asked for. The request to DLUHC was changed for revenue funding that could support this work.

The Winter Gardens is subject to a number of Cabinet Decisions, the most recent made in [March 2023](#). Cabinet approved the engagement of a specialist marketing agency and that the Director of Place, in consultation with the Cabinet member for Economic Development would approve the marketing particulars for the Winter Gardens and the evaluation matrix to be used to assess operator and/or JV submissions. The council committed to take a further report to be considered by Cabinet following the completion of the marketing and evaluation exercise, setting out detailed proposals.

The council has so far spent or committed £162,03 of the £300,000 funding allocated completing a wide range of surveys and reports on the heritage venue and appointing specialist marketing agents, leaving £137,997 for further legal costs and any other requirements for this field of work. This funding will remain with the project if further work is required to secure an operator, and if further information is required. The surveys and reports completed for the Winter Gardens include the below, all of which are available for review by prospective partners.

- Unexploded ordnance risk assessment
- Asbestos air sampling survey
- Laser survey for measured drawings
- Topographical survey
- Electromagnetic and GPR survey
- Utility, and other searches
- Detailed drainage survey
- Flood risk scoping assessment (FRSA)
- Energy Performance Certificate (EPC)
- Ecology - Japanese Knotweed survey
- Heritage Significance Statement
- Architectural Review

The council also commissioned an evening and night time review of Margate and Thanet to help inform decisions about the future role of The Winter Gardens.

A two stage marketing campaign was launched in December 2023 with Colliers as the agent. Open days have been held for potential interested organisations at the venue. Interested parties have been invited to submit Expressions of Interest by 22 February 2024, as the first stage of the process. As part of the marketing campaign there is a data room which holds a raft of information about the building, its condition and opportunities and constraints. The council recognises that the building/site needs significant investment and that any potential partner may need support with that.

At the time of publishing this report the expressions of interest stage is still open and officers hope to be able to review these as soon as they have been consolidated by the Marketing Agent.

2.7 Diversifying Heritage Assets - Destination Dreamland

Following the recent acquisition of Sands Heritage Ltd by LN Gaiety Holdings, a subsidiary of Live Nation, Dreamland has informed officers that they will no longer be accepting the £4,000,000 allocation from the Margate Town Deal for the Destination Dreamland project.

The Destination Dreamland project planned to provide investment in one of Margate's most iconic heritage destinations with the aim of securing its long-term viability and vitality. The ambition was that restoring the cinema building would show that Dreamland is open for business: re-activating the ground and first floor spaces would deliver significant social and economic value. The project was also the only one within the Margate Town Investment plan that brought in significant private sector match funding.

The aim of the investment was to address the significant viability challenges that plague heritage buildings nationally. Often referred to as the heritage deficit. The building has been vacant for a significant number of years, with the listed status and size of the building putting off private investors due to challenges with commercial viability. The funding looked to unlock the first floor of the cinema building, providing spaces for hospitality and catering, enabling exhibition and pop up spaces. Further funding for the ground floor aimed to provide meanwhile space for local Charity, People Dem Collective - providing a transitional space as the Charity do the work needed to secure permanent premises. The proposal was that for two years People Dem Collective would use part of the ground floor for a new cultural centre to celebrate the black and brown community in Margate/Kent.

In January 2021 Dreamland provided a dedicated space for People Dem Collective on the seafront for them to operate from. It is understood that these premises have been provided during the last three years free of charge. Officers are engaging with the team at People Dem Collective to understand their position and any work they have been doing to identify a more permanent position for their charity.

The £4,000,000 from the Margate Town Deal will need to be reallocated, there is no intention for the council to hand the project funding back to central government. This is particularly supported by the fact that the council is part of the Simplification

Pathfinder Pilot, with more flexibility in moving the funding around. This is picked up in section 3 of this report.

3.0 Cost and funding implications

- 3.1 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. 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. Every place in receipt of DLUHC capital funding is in the same position as Thanet in terms of the financial challenges and pressures on their projects. This includes the significant impact of the inflationary pressure on capital projects. 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.
- 3.2 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: the council is submitting a National Lottery Heritage Fund bid for the Theatre Royal and is in talks with the Arts Council on the Cultural Development Fund. Small funding bids to support the Coastal Wellbeing revenue project have also been successful with UK Cycling to date.
- 3.3 There is currently no scope for the council to directly contribute to any of the costs of project delivery, 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.
- 3.4 As identified above, the Destination Dreamland Project is not going to be delivered through the Town Deal funding. This leaves £4,000,000 of capital funding that requires reallocation and delivery by the deadline of March 2026. This will require a further report and likely key decision to reallocate the funding. Further work is required to inform this decision making. A report to reallocate the funding will need to consider the below:
- The funding cannot be reallocated to a new project that does not already have government approval through the Town Deal process. New projects would require a Green Book compliant business case to be approved by central government.
 - Clarification will need to be sought on the movement of money between the themes/between different projects from central government.

- The money will not be moved from Margate to Ramsgate.
 - The outputs being delivered by the Destination Dreamland project will need to be delivered where the funding moves to.
 - Further information will be sought from central government on the Project Adjustment Request process as Thanet is now in the Simplification Pathfinder Pilot - and the timelines for this process, should it be required.
 - The reallocation of funding will need to be delivered by March 2026.
 - It will need to acknowledge that there will be a lot of third party organisations who will want to be considered for this funding and that there is no process in place to reallocate it to a new project.
- 3.5 Annex 2 to this report identifies the current approved budget for the Margate programme, which details the original grant allocations. Below is an outline of where some of the cost pressures/opportunities are likely to be for the Margate programme:
- The reallocation of the funding originally for the Oval Bandstand and Lawns project - £475,000. Future proposals for decision include keeping this funding within the Coastal Wellbeing Intervention.
 - Theatre Royal - there are challenges on the basis that the overall project is subject to accessing third party funding from the National Lottery Funding. Officers are also reviewing a bid to the Cultural Development Fund.
 - Inflationary pressure and extra cost pressure from the need to design out flood risk and crime is impacting on the designs for the Wellbeing Pavilion. The project is subject to value engineering, but the team are keen for the site to retain some flexibility and provide a quality environment.
 - The current budget allocation within the Active Movement and Connections Intervention allocated to the public realm and highways element will not cover the whole of the projects put forward in the Town Investment Plan or the subsequent proposal for Cecil Square. A further report and decision will be required to take this scheme forward.
- 3.6 Decisions about these potential changes will need to be considered by Cabinet through future reports. Within the terms of the Simplification Pathfinder Pilot the council is permitted to vire up to £5,000,000 between projects, without the need to obtain consent from central government. Virements above this level would require an approved project adjustment. Officers have been in touch with contacts at the DLUHC to discuss, in particular the reallocation of the funding from the Destination Dreamland Project. In addition, it is important to note that 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.

4.0 Programme Timeline and Milestones

- 4.1 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.
- 4.2 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.
- 4.3 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.

5.0 Project Monitoring and Reporting Arrangements

5.1 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.

5.2 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.

5.3 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.

5.4 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.

5.5 Central government has recently provided an outline of the monitoring and evaluation requirements for the amalgamated programme. 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.

5.6 The light touch M&E return requires programme level RAG rating on the council's ability to spend in line with 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.

5.7 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 committed and forecasted spend at both portfolio and project level, and plans for uncommitted funding, or underspend.

6.0 Regeneration Partnership Board

6.1 Prior to Christmas 2023 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 new Regeneration Partnership Board, to provide the council with oversight on the delivery of the regeneration projects across the district. 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.

6.2 The role of the Thanet Regeneration Partnership Board is to:

- Uphold the Seven Principles of Public Life (the Nolan Principles) as detailed Code of Conduct;
- Oversee delivery of the government funded projects ensuring the accountable body is in compliance with government agreements;
- Maintain commercial confidentiality where required;
- Working together - Board Members should take collective responsibility for how they are performing, and may discuss improvement actions they could take;
- Identify additional and appropriate opportunities to service the interests of the delivery of the externally funded programmes;
- Bring other perspectives constructively to the discussion;
- Where relevant, support with their own skills and connections;
- Through their oversight mitigate any risks, particularly financial, legal and reputational; and
- Ensure all publicity rules and obligations are met including the government's requirements for branding and recognition.

6.3 Board Members

Brian Horton - Director, Horton Strategic and Chair of the Thanet Regeneration Partnership Board

Chris Butler - Managing Director, Thanet Earth

Zoë Carassik - Chief Executive Officer, Pie Factory Music

Colin Carmichael - Chief Executive, Thanet District Council

Cllr Ruth Duckworth - Cabinet Member for Regeneration and Property, Thanet District Council

Cllr Rick Everitt - Leader of the Council, Thanet District Council

Sir Roger Gale - Member of Parliament for Thanet North

Lesley Game - Thanet County Councillor, Kent County Council

Cllr David Green - Ramsgate Town Councillor, Ramsgate Town Council

Craig Mackinlay - Member of Parliament for Thanet South
Frank Martin - Director, Locomotive Storage Limited
Bob Porter - Director of Place, Thanet District Council
Rebecca Smith - Chief Executive Officer, Social Enterprise Kent CIC
Cllr Rob Yates - Mayor of Margate, Margate Charter Trustees

- 6.3 The council will have a section on its website that will include a biography of each of the Board members and their declarations of interest. Agendas and minutes of the meetings will also be published, with any other relevant documents and links. The first meeting is on 1 March, 2024.

7.0 Next Steps

- 7.1 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.
- 7.2 Further reports will be presented to Cabinet 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.

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

Annex List

Annex 1: Summary of RIBA stages: [Annex 1 - RIBA Plan of Work](#)
Annex 2: Financial Summary

Background Papers

[Margate Town Investment Plan, Stakeholder Engagement report and Evidence Atlas](#)
[Margate Levelling Up Fund bid](#)
[Theatre Royal vision](#)

Corporate Consultation

Finance: Chris Blundell (Director of Corporate Services - Section 151)
Legal: Ingrid Brown (Head of Legal and Democracy & Monitoring Officer)