

From: Pete Raine, Managing Director, E&R

Report to: Environment and Regeneration Policy Overview
Committee 3 July 2007

Subject: **An Thanet Regeneration Initiatives: update**

Summary: This paper provides an update on the linked regeneration initiatives, the Kent International Airport and the Turner Contemporary and the associated Margate Town regeneration initiatives.

Recommendation: That Members receive and note the report.

1.0 Introduction

1.1 This paper provides the following updates as a precursor to the presentation and tour of Thanet Central Island following the meeting:

- An update to the briefing on the linked regeneration initiatives which affect the central part of the Isle of Thanet, reported to the meeting on 21 November 2006 and set out in the Appendix;
- An update on Kent International Airport;
- A briefing on the Turner Contemporary and the associated Margate Town regeneration initiatives.

2.0 Manston Park and Eurokent Business Parks

2.1 Following the purchase of land at Manston Park by Kent County Council in June 2006, consultants have produced a masterplanning study for both Manston and Thanet District Council's landholdings at Eurokent. The aim of the study was to produce an overall site development framework that maximises the regeneration and development potential of the available land. The study concluded that the developments can deliver considerable benefits to the Thanet and wider East Kent economy.

2.2 In order to proceed with the developments significant advantages were identified that would arise from the pooling of the two authorities' landholdings into a single Joint Venture vehicle. These include:

2.2.1 The development of both sites being taken forward in a complementary manner and not in direct competition with each other. This in turn would lead to more effective marketing and the ability to locate end users on the site that most satisfies their needs.

- 2.2.2 The JV vehicle will be able to raise both infrastructure and development finance, using the value of the land as security. This would enable the infrastructure at both sites to be implemented and for speculative development to be undertaken without impacting on the authorities' Capital Budgets;
 - 2.2.3 The JV vehicle will be able to recruit appropriate staff, agents and consultants to take forward the developments, without directly impacting either authority's staffing or revenue budgets; and
 - 2.2.3 There will be the opportunity for the JV vehicle in the future to expand its remit to incorporate more landholdings or partners, if agreed by KCC and TDC.
- 2.3 On this basis both authorities agreed to enter into a Joint Venture and in order to formalise this relationship a Collaboration Agreement has been drawn up, setting out the terms and conditions of the venture. In due course, a Limited Liability Partnership will be incorporated and will be charged with taking forward the planning strategy and the eventual marketing and disposal of sites.
- 2.4 In order to supply these developments, work is underway at both sites in relation to the assessment of utilities infrastructure provision. Southern Water is currently running a capacity modelling exercise for foul drainage on Eurokent with findings due at the end of June 2007. Work is also ongoing concerning fresh water supplies into Manston Park.
- 2.5 Along with these works, development on the Eurokent site is dependent on the construction of a new access road that will further improve the local highway network. Construction is expected to be completed by the end of August 2008 at an estimated cost of £5.45m. This is to be funded from the value of the site, with the exception of a contribution of £0.5m to be made by SEEDA.

3.0 East Kent Spatial Development Company

- 3.1 In the late 1990s the major factors preventing the development of the Thanet Central Island sites were examined. A significant factor was found to be the provision of utilities to sites, with early phases of development often being required to fund the costs for the whole site and then claw back funding from later development. This acted as a significant inhibitor to investment. The EKSDC was established as a wholly public sector owned and funded company to circumvent this problem and stimulate development.
- 3.2 Broadly speaking, the Company is designed to contract with utilities providers to ensure that economic development sites are serviced with the necessary infrastructure. As development proceeds, the developer (or end

user) pays a proportion of the cost of the utilities provision, appropriate for their development. The Company bears the costs until such time as further development happens and sums reimbursed to the Company are used to create a rolling fund for future investment.

- 3.3 The establishment of the Company required complex partnership working between KCC, SEEDA, and Thanet District Council. Chairmanship of the Company has remained with KCC throughout, with Roger Gough as Portfolio Holder for Regeneration & Supporting Independence the current incumbent.
- 3.4 Funding for the Company's activities has come from EU Objective 2 funds and latterly a contribution from English Partnerships. Since its initial inception, the Company has extended its geographical remit from its initial focus on those areas eligible for Objective 2 funds to cover Dover District as well.
- 3.5 To date, the Company has focused on Work Packages in relation to the provision of 33kV and 11kV electricity supplies, including the construction of a sub-station at Manston Airport. With the current programme (of supplies) coming to an end the Company has decided to undertake a medium-long term review of its potential future operations. This will take account of factors such as its geographical extent and the impact of policy changes at the macro level (e.g. EU funding, the creation of the Regional Infrastructure Fund).

4.0 East Kent Access

- 4.1 The completion of improvements to the principal route network to Thanet has been a longstanding aim of the County Council. This has been for the multiple aims of improved access by reducing journey times, better road safety and crash reduction. The regeneration benefits to Thanet of enhanced accessibility by road have been a fundamental driver behind these aims.
- 4.2 The East Kent Access scheme has been developed in phases and Phase 1 between Pfizer and the old Richborough power station site is due for completion in the autumn of 2007. The programme for Phase 2 is set out below.

East Kent Access Phase 2

- 4.3 On 6 July 2006, the Regional Funding Allocations were announced by Government and East Kent Access Phase 2 was acknowledged as a scheme that could expect to receive funding during the three year period 2006/07 -2008/09. The announcement was a response to SEERA's recommendation and the County Council received the formal Offer letter of £64m from the Department of Transport on 26 September.

- 4.4 In September 2006, the scheme achieved planning consent. The Compulsory Purchase and Side Roads Order were then published and examined at Public Inquiry in April 2007. Statutory objections were negotiated out beforehand and the Inquiry was short and a positive Report by the Inspector can be expected soon.
- 4.5 Subject to subsequent confirmation of the Orders by the Secretary of State the next stage will be the application to the Department for Transport (DfT) for Conditional Acceptance of funding that gives authority to invite construction tenders. The Conditional Acceptance submission is detailed and is required to assure the DfT that the scheme business case and costings remain robust and consistent with the initial bid submission. The bid for Full Acceptance of funding follows the return of tenders on the basis that tender returns are consistent with the estimates and provisional funding allocated. The expectation is that Full Acceptance of funding would be approved and available early in 2008/09.
- 4.6 The scheme is a fairly conventional Greenfield dual carriageway scheme but there are critical interfaces with Network Rail where the railway is crossed twice. In particular the crossing of the railway and Foads Lane on a long skew underbridge is a particularly complex feature of the scheme.
- 4.7 The route is rich in archaeology and 2008/09 will be focused on archaeological investigation and environmental mitigation and critical advance works. Construction of the main works is expected to start in early 2009 and take just over two years to complete.
- 4.8 Consideration is currently being given to the future contract procurement so that the scheme can be delivered in the most effective manner bearing in mind the interface with Network Rail, the archaeology investigation and the associated earthworks that will be required to allow that investigation to proceed.

5.0 Kent International Airport

- 5.1 Since Infratil purchased Kent International Airport (KIA) in September 2005, following the demise of EUjet and Planestation, there has been a steady investment in improvements to the infrastructure and the development of services at the airport. There are currently 80 people employed at the airport and in 2006, KIA handled around 10,400 passengers and around 20,900 tonnes of cargo.
- 5.2 The volume of cargo handled at KIA has steadily increased under Infratil's ownership and in terms of cargo the airport is currently 9th in the UK. Figures for the first quarter of 2007 have averaged around 2,500 tonnes per month, which if continued could result in over 30,000 tonnes being handled in 2007. The airport currently has a daily and weekly cargo flight as well as other ad-hoc cargo flights. Infratil is progressing with discussions to increase the number of freight carriers using the airport.

5.3 The travel company 'Kent Escapes' resumed passenger services on 3 May 2007, following their successful operations last year, and will be operating weekly flights to Faro, Portugal; Palma, Majorca and Alicante, Spain. These will continue until the end of October. This could potentially result in up to 12,000 passengers using the airport. There are also a small number of ad-hoc charter passenger flights scheduled to fly from KIA over the summer. Infratil is continuing to engage in discussions designed to bring scheduled passenger operations back to KIA. These discussions are with stable, established and well-known carriers but for commercial reasons their names cannot be made public at present. Infratil is also looking to attract further charter passenger throughput for the airport.

5.4 In addition to the passenger and cargo operations, training flights for flight deck personnel are an increasing feature of the airport's activities and a number of high profile airlines are now regular visitors. Military movements involving the deployment and recovery of troops based in Kent garrisons have also increased with the Ministry of Defence recognising the advantages of utilising local regional airports.

5.5 The development of Kent International Airport since Infratil took over ownership has been slow but steady. The airport is well suited, in terms of location and facilities, for cargo, aircraft maintenance and training operations. These provide a steady income stream and should increase, as little investment in infrastructure is required. Key issues for the further development of services at the airport will include the ability to:

- Attract aviation related businesses to development sites adjacent to the airport
- Provide training facilities to develop the skills required supporting the airport expansion.
- Find mechanisms to support scheduled passenger services from KIA.

6.0 Turner Contemporary, Margate's Eastern Seafront and Old Town

6.1 In August 2006, David Chipperfield Architects were appointed as lead consultant for the Turner Contemporary gallery, which is to be constructed on the western end of Margate's Rendezvous site to the landward side of Droit House. The project has now reached the end of Stage C with agreement on footprint, massing and outline design. David Chipperfield explained the development process and presented the outline design at a well-attended public meeting at the Winter Gardens on 18 June. It is expected that Stage D will be completed and a planning application submitted by the early autumn, with completion still scheduled for spring 2010. The budget remains £17.4m with contributions of £4m being sought from both SEEDA and the Arts Council.

6.2 The development of Turner Contemporary on the Rendezvous site is a key element of a concerted regeneration programme for the town owned by the Margate Renewal Partnership. In March 2004, the seafront area

was identified in Tibbalds' Strategic Urban Design Framework as a key node for new activity, complementing the anticipated mixed-use leisure and residential development likely to come forward on the Dreamland/Arlington site.

6.3 The prospect of Turner Contemporary's development has already provided a catalyst for the growth of the creative and cultural quarter in the Old Town where there have been major improvements to the built environment. The gallery will become a vital seafront destination, pulling pedestrians through from Cecil Square to the Harbour area via the Old Town. As part of this, the comprehensive SEEDA-led development of the former Marks & Spencer site will open up Cecil Square and provide a new route down through the Old Town.

6.4 The promise of Turner Contemporary is also bringing forward development and public realm improvements on nearby sites on the eastern seafront from the Lido to the pier. Specifically:

- **The Fort Hill dual carriageway** is to be reduced to a single carriageway in early 2008. Crucially, this will improve pedestrian connectivity between the Old Town and the seafront having a major impact upon the accessibility of Turner Contemporary, the pier and the remainder of the Rendezvous site. The land released by the de-dualling at the bottom of the hill will be included within a programme of public realm improvements in the vicinity of the gallery and at the entrance to the Rendezvous site which landscape consultants, Gross Max, have been engaged to advise upon.
- **The Rendezvous site.** The western end of the Rendezvous site will be occupied by Turner Contemporary, the RNLI and the Margate Yacht Club dinghy park. Development on the remainder of the Rendezvous site, an area of 6296sq m, along with land released at the top of Fort Hill, will be pursued in the same time-scale as the development of the gallery. The site itself was presented to KCC by Thanet District Council as its contribution to the Turner Contemporary project and KCC is currently advertising for a development partner for a mixed-use development that is expected to deliver a long-term revenue stream to support the operation of the gallery. A short list of potential development partners will be finalised in July and a Masterplan for the site, indicating the precise mix of development, will emerge with the appointment of a preferred developer in December. This quality development, in sympathy with Turner Contemporary, will be market-led and might well include a hotel, bar/restaurant, niche retail and apartments. The effect of development on the combined Rendezvous and Fort Hill sites will be to reinforce linkages with the Old Town and potentially open up development opportunities on the adjacent Winter Gardens site.
- **The Winter Gardens.** The preferred developer of the Rendezvous site will be given the opportunity to submit proposals in respect of part or all of

the adjacent seafront Winter Gardens site once the type, scale and character of any potential development there is agreed.

- **The Lido site** has been acquired by Paigle Properties, the developers of the Royal Sea Bathing Hospital. A planning application is expected by the end of the summer for a 200-bed hotel with associated leisure development and 400 to 500 apartments.
- **The Theatre Royal.** In partnership with the Arts Council and Thanet District Council, KCC is supporting the Theatre Royal in order to broaden Margate's cultural offer. The development of a quality theatre programme with community involvement will complement the activities of Turner Contemporary.

7.0 Conclusions

7.1 This report, along with the presentation and tour, updates Members on the exciting regeneration potential of the Thanet Central Island area, plans to realise that potential and KCC's specific role in those plans. It also highlights the complementary cultural led regeneration initiatives in Margate where commitment to the Turner Contemporary has had a catalytic impact on regeneration in the town.

8.0 Recommendation:

That Members receive and note the report.

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