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To: Governance and Audit Committee Trading Activities Sub Group - 28
September 2012

Subject: East Kent Opportunities LLP

Classification: Unrestricted

Summary: To provide a report on East Kent Opportunities LLP as requested at the Governance and Audit Committee Trading Activities Sub Group meeting on 4 July 2012.

FOR ASSURANCE

INTRODUCTION

1. At the last meeting of the G&A Trading Activities Sub Group on 4 July 2012, it was agreed that a report on East Kent Opportunities LLP be presented at the Sub Group's next meeting, together with a list of all the LLPs and any Joint Arrangements that are Not an Entity (JANES) that the County Council was involved in.
2. East Kent Opportunities LLP is the only LLP / JANE that the County Council is involved in.
3. A briefing on the East Kent Opportunities (EKO) Accounts was offered to all Members by Cath Head. This was undertaken on the 15 May 2012.
4. This report provides an update on East Kent Opportunities LLP, and its Annual Report and Financial Statements for 2011/12 are attached for Members' review and consideration.

UPDATE ON EAST KENT OPPORTUNITIES

5. Background - Kent County Council (KCC) and Thanet District Council (TDC) wished to bring forward the economic development and regeneration of the sites known as Eurokent and Manston Business Park. A Member Agreement was signed on the 22 August 2008 and a joint arrangement vehicle was set up, the East Kent Opportunities LLP (EKOLLP), which was incorporated on the 4 March 2008. KCC and TDC have 50:50 ownership, control and economic participation in the joint arrangement. KCC and TDC contributed 38 acres of land each to EKOLLP. The land was valued for stamp duty land tax (SDLT) at £5.5m (KCC contribution) and £4.5m (TDC contribution). The powers used are the 'well-being powers' provided to local authorities in Part I of the Local Government Act 2000.

6. The key developments and issues to note during 2011/12 are as follows:
- i. The Manston site has continued to be marketed and there have been several expressions of interest. Due to both the current economic climate and risk aversion of the lending banks, at present no initial expressions of interest have been converted to a completed sale.
 - ii. In recent months the level of interest in the business park has increased and EKOLLP has secured a sale of 1 acre of land, subject to planning. This deal will enable significant workforce expansion of a large international manufacturing company already based in the area.
 - iii. The poor take-up of land sales and subsequent development is a situation which is shared by nearly all other Business Parks in the Country/County at present. The significant number of high quality industrial and commercial premises available on the second hand market, including those at Manston Business Park, make the construction of new premises a less viable business decision.
 - iv. It is hoped that once the first sale at Manston is completed, whilst a small plot, it will act as an incentive to bring renewed interest and demonstrate to the market that Manston Business Park is a viable business location.
 - v. The Eurokent site is the subject of a major outline mixed use planning application which proposes commercial, community and retail space and up to 550 new homes. The application was registered in October 2011 and has been the subject of extensive negotiations with the Local Planning Authority.
 - vi. A range of additional information has been required by the LPA regarding Highway matters and natural habitat provisions, and survey information tied to changes to the Government's National Planning Policy Framework has caused delays in the determination of the application.
 - vii. It is envisaged that the application will be determined in October 2012.
7. East Kent Opportunities LLP's Annual Report and Financial Statements for 2011/12 are attached, and the key points can be summarised as follows:
- i. In 2011/12, in the EKOLLP accounts, the net assets of the joint arrangement are £10m with an operating loss before members' remuneration and profit shares available for discretionary division among members of £0.40m.
 - ii. The accounts were approved at the last EKO Management Committee on 1 August 2012 and are currently out for signing.

RECOMMENDATION

8. Members are recommended to note the contents of this report for assurance, and to note East Kent Opportunities LLP's Annual Report and Financial Statements for 2011/12 (attached).

Cath Head, BSS, Finance & Procurement, September 2012