
By: John Simmonds, Cabinet Member for Finance & Business Support
Andy Wood, Corporate Director of Finance & Procurement

To: Governance and Audit Committee Trading Activities Sub Group – 9 March 2015

Subject: East Kent Opportunities LLP

Classification: Unrestricted

Summary: To provide an annual report on East Kent Opportunities LLP as requested by the Governance and Audit Committee Trading Activities Sub Group.

FOR ASSURANCE

INTRODUCTION

1. This report is the annual review of East Kent Opportunities LLP.
2. This report provides an update on East Kent Opportunities LLP. Its Annual Report and Financial Statements for 2013/14 are attached at **Appendix 1** for Members' review and consideration.

UPDATE ON EAST KENT OPPORTUNITIES

3. 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.

4. Current Position

The current position and outlook for EKO and, therefore, KCC's interest therein is showing an increasingly positive view having achieved a number of milestones in 2013 and significant ones in 2014:

- i. EKO LLP and Rosefarm Estates Ltd (the adjacent owners of the northern component part of Eurokent) submitted a joint mixed use outline planning application in Autumn 2011. This application was refused permission on the 16th October 2013, by Thanet District Council's Planning Committee. EKO LLP in the Spring of 2014 lodged an Appeal against the refusal following encouraging advice from Queen's Counsel and the application was subsequently recovered by the Secretary of State. Following a Public Inquiry in August 2014, EKO was advised on 29th October 2014, that the Appeal was upheld and the Eurokent site now benefits from an outline planning consent, subject to a Section 106 for a large scale mixed use development. The Eurokent Masterplan is now currently being reviewed and worked up in more detail to define more precisely how the site will be brought forward for sale and ultimate development. This will inform future reserved matters/detailed planning applications, and is imperative for the successful marketing and sale of the site.
- ii. In the meantime, development of the new Laleham Gap (Special Educational Needs) School on (Area 1) EKO land at Eurokent, off Ozengell Place adjacent to the Marlowe Academy, has begun with the school due to open in September 2015. This initiative has been pursued in conjunction with KCC Property Group and Department for Education with Government funding. It was triggered by a land swap agreement between KCC and EKO which means that EKO will ultimately acquire the existing school site in Cliftonville and is accordingly in the process of securing detailed planning permission for redevelopment for some 70 family dwellings. The site has been marketed and a sale agreed with a developer purchaser.
- iii. The loan agreement for the Eurokent Link Road has been reviewed with agreement that 50% of the cost to now being shared with Thanet District Council and the remaining being re-profiled for repayment by March 2017. This will allow EKO to realise an income stream from the Eurokent site now that outline planning approval has been achieved.
- iv. Manston Business Park has continued to see increasing activity. The sale of land early last year facilitated expansion plans for an existing major occupier. Plot 5 was recently sold and is under development with TCS Ltd and two sister companies that moved into Kent from the West Country. Its first phase of easy in/out for rent workspace has already completed and is almost fully occupied and creating local jobs. A second phase which includes a company HQ and operational facilities as well as additional speculative incubator / light industrial units for flexible rent by other businesses is near completion. This particular company has benefited from support from KCC's Regeneration Fund under the Kent Workspace Programme.
- v. More recently, further plots have been sold and developed (Plot 4a) for SME workspace for freehold sale, providing a good range of opportunities and flexible and adaptable units for SME companies is almost complete, again with a high percentage of occupiers. Further land sales to the same developer will allow potentially up to three more phases(Plots 3 and 4b) of similar accommodation, but

with a variety of tenure options. Several other live enquiries are being dealt with from other occupiers.

Due to the growing demand further provision of roadways and services is under consideration.

- vi. Next steps for the company will include:
 - i. a new entire property asset valuation to be undertaken now that outline planning approval has been granted for Eurokent;
 - ii. a revised Masterplan be prepared for the Eurokent site as EKO explores its wider market potential; and
 - iii. a detailed planning application has been submitted and is soon to be determined for the existing Laleham Gap School site in Cliftonville, negotiations are underway regarding its residential development from September.
5. East Kent Opportunities LLP's Annual Report and Financial Statements for 2013/14 are attached at Appendix 1, and the key points can be summarised as follows:
 - i. In 2013-14, 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 £0.34m.
 - ii. The accounts have been approved by the EKO Management Committee and lodged with Companies House.
6. 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 2013/14, attached at **Appendix 1**.

Theresa Bruton, GET, Economic Development
Bev Gibbs, ST, Finance & Procurement
9 March 2015