

---

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

To: Governance and Audit Committee Trading Activities Sub Group – 28  
February 2017

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 including an update on recent activity.

## **FOR ASSURANCE**

---

### **INTRODUCTION**

1. This report provides an annual review and update of East Kent Opportunities LLP.
2. East Kent Opportunities LLP's Annual Report and Financial Statements for 2015/16 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 (EKO LLP), 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 EKO LLP. 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 LLP and, therefore, KCC's interest therein continues to show an increasingly positive view having achieved a number of milestones since 2013:

- i. EKO LLP submitted a joint mixed use outline planning application in Autumn 2011. Following an Appeal by EKO LLP and Rosefarm Estates Ltd (the adjacent owners of the northern component part of Eurokent) and Public Inquiry in August 2014, the Eurokent site now benefits from an outline planning consent, subject to a Section 106 for a large scale mixed use development. During 2016 the Eurokent Masterplan has been extensively reviewed in conjunction with Rosefarm Estates Ltd, the adjacent landowner of the northern sector, and agreed and endorsed by the LPA to be in a more deliverable form. There are currently several parties interested in purchasing substantial areas of Eurokent and negotiations are ongoing.
  - ii. Development of the new Laleham Gap (Special Educational Needs) School on (Area 1) EKO LLP land at Eurokent, off Ozengell Place adjacent to the Royal Harbour Academy, was completed in February 2016 and is now fully occupied and functioning. This innovative and successful initiative has been achieved 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 LLP. The old school site in Cliftonville has detailed planning permission for redevelopment for some 70 family dwellings. The site has been marketed and a sale agreed with a developer which is due to complete before the end of the financial year.
  - iii. The loan agreement for the Eurokent Link Road has been reviewed with agreement that 50% of the cost is now being shared with Thanet District Council. This payment should be received by 31<sup>st</sup> March 2017. The remainder of the loan will be repaid as the income stream from Eurokent materialises. This is anticipated to be in 2017/18.
  - iv. Manston Business Park has continued to see increasing development activity and occupancy. Further plots (Plots 3b, 4b, 4c and 4d) have been sold in 2016 to Manyweather Properties and have been developed for SME workspace for both freehold sale and rental, providing an extensive range of opportunities. With flexible and adaptable units for SME companies the plots developed have a high percentage of occupiers and pre-sales. Further land sales to the same developer are allowing more phases (Plot 3c) of similar accommodation. Due to the growing demand further provision of roadways and services, particularly foul sewage provisions with Southern Water, remains under consideration.
  - v. Next steps for the company will include:
    - i. Continued marketing for the Eurokent site as EKO LLP explores its wider market potential; and
    - ii. a revised business plan based on the evolving and various developments at Manston.
5. East Kent Opportunities LLP's Annual Report and Financial Statements for 2015/16 are attached at Appendix 1, and the key points can be summarised as follows:

- i. In 2015-16, in the EKO LLP accounts, the net assets of the joint arrangement are £14.2m. This has increased from £10m in 2014/15 due to the revaluation of the assets. This has created a Revaluation Reserve of £4.2m. The operating loss before members' remuneration and profit shares available for discretionary division among members is £0.23m.
- ii. The accounts have been approved by the EKO LLP Management Committee and lodged with Companies House.

## **RECOMMENDATION**

Members are asked to note the contents of this report for assurance, and to note East Kent Opportunities LLP's Annual Report and Financial Statements for 2015/16, attached at **Appendix 1**.

**Nigel Smith, GET, Economic Development**  
**Bev Gibbs, ST, Finance & Procurement**  
**28 February 2017**