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Corporate and Traded Services  
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To: Governance and Audit Committee – 1<sup>st</sup> February 2024

Subject: East Kent Opportunities LLP

Classification: Unrestricted

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Summary: To provide, as requested by the Governance and Audit Committee, an annual report on East Kent Opportunities LLP, including an update on recent activity.

## **FOR ASSURANCE**

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### **INTRODUCTION**

1. This report is the annual review and update on East Kent Opportunities LLP.
2. The hyper-link to the Annual Report and Financial Statements is included below in Section 5.

### **UPDATE ON EAST KENT OPPORTUNITIES**

#### 3. Background

With the purpose of bringing forward the regeneration and economic development of the sites known as Eurokent and Manston Business Park a Members Agreement was entered into and signed by Kent County Council (KCC) and Thanet District Council (TDC) on the 22 August 2008 and the East Kent Opportunities LLP (EKO LLP) was formed as a joint arrangement vehicle, which was incorporated on the 4 March 2009. KCC and TDC have 50:50 ownership, control and economic participation under the joint arrangement. KCC and TDC each contributed 38 acres of land to EKO LLP. At the time the land was valued for stamp duty land tax (SDLT) purposes at £5.5m (KCC contribution) and £4.5m (TDC contribution). The legislation used was under the 'well-being powers' provided to local authorities in Part I of the Local Government Act 2000.

- i. EKO LLP disposed to Homes England (then the Homes and Communities Agency) 22 acres of land at Eurokent for residential development, which was completed on 31 March 2017. This site is now being brought forward for housing.
- ii. All previous EKO LLP loans from KCC and Thanet DC have been repaid and the Eurokent Link Road loan from KCC was repaid in 2017-18. This was possible due to the various land sales of the old Laleham Gap School site and the funds from the sale of land at Eurokent to Homes England.

#### 4. Current Position

EKO LLP and KCC's 50% interest remained financially and operationally robust and continued to be positive following last year's report, with continued commercial development of EKO LLP's previous land sales into 2023. This is to deliver further, and a wider range of commercial/business space constructed by Guildcrest Commercial, despite the recent economic slowdown.

Development land values have remained relatively stable since EKO LLP's market activity for commercial development emerged in 2013, when the national and regional property market began to recover. The following outlines some of the key points:

EKO LLP's land holdings are diminishing through its continued calibrated land disposal programme. EKO LLP's former Eurokent master planned, mixed-use scheme at New Haine Road Ramsgate, has been progressively sold, primarily for residential use for approximately 400 dwellings. The disposal of Plot 2 - The Trapezium, in February 2023, is currently under construction and will be completed later in 2024. The last remaining area, Plot 4 is to be sold during 2023, and where EKO LLP will no longer have any land interests at Eurokent and this reduces any further land management costs and liability. It also allows focus of the business operations entirely on Manston Business Park.

Manston Business Park, Manston:

- i. Savills has been appointed as EKO LLP's selling agents over the past eight years and continues to advise on sales, marketing and promotion of the site.
- ii. The demand from Thanet's local, smaller businesses has predominated, and fed the current developer interest in speculative development with no large plc corporate occupier interests evident. This local SME only demand reflects much of east Kent and wider regional trends for space requirements.
- iii. Careful and coordinated re-master-planning, with the reduction in the scale of the plots at Manston Business Park (MBP), to reflect this demand and continue the promotional success and expanding commercial development activity and occupancy at MBP. Manyweathers Properties originally started the interest with its creation of "sub" business parks, with The Oaks and Maples. This cost-effective commercial space model in terms of accommodation form, size and tenure mix is now fully tried and tested. It is considered the best fit and most attractive space form to local SME companies.
- iv. EKO LLP's adopted calibrated land disposal approach is borne from the master planning process and continues to effectively encourage the delivery of smaller phases of development. This helps minimise major risks of exposure to both EKO and buyer/developer of the land, as it provides the ability to react to any changing markets. Guildcrest Commercial Ltd, a local established developer, is now the main developer at MBP.
- v. EKO LLP is legally engaged with Guildcrest Commercial Ltd on the remainder of its last plot sales of Areas 1 and 2 – Plots 1c and 2c legally completed in March 2023.
- vi. EKO LLP has worked in securing detailed planning permission for the proposed Hilger Crystal HQ building on Plot 2a. This is a well-designed, contemporary building fronting Spitfire Way, sitting alongside the existing Summit Aviation building, Merlin House. Hilger Crystal is a medium sized local company which fabricates silicon crystals for specialists scanning machines. The company is

involved in research and development and manufacturing processes and continues to expand as a business. The company, currently based in Thanet, is in old, rented and no longer fit for purpose accommodation. The development is expected to commence after legal completion.

- vii. Continuing phased development across the respective plots to be sold will require further service provisions and access roadways. There are likely to be some minor infrastructure costs to be allowed for in the land sale process and accommodated in the cashflows. With such a wide range of commercial end uses being accommodated across the plots, this makes future utility supplies and provisions difficult to predict/ and a degree of flexibility is essential to this process.

5. East Kent Opportunities LLP's Annual Report and Financial Statements for 2022-23 key points can be summarised as follows:

**Net Assets** At the end of 2022-23 the net assets for the EKO LLP joint arrangement are 9.5m.

**Operating Profit** This financial year, EKO made a profit before remuneration and profit share of 124.7k. This is a 239% increase on 2021-22.

The table below shows profit and loss from the last 5 years. 2021/22 is the only year not showing profit as no land sales were made during the Covid period.

	Expenditure	Operating Profit	Operating Loss
2018/19	63,344	63,344	
2019/20	227,534	232,534	
2020/21	328,709	328,709	
2021/22	89,527		89,527
2022/23	124,680	124,680	

**Land Sales** In 2022-23 three land sales completed close to year end with a net sale total of just over 1m. These were the first sales since November 2020. In 2023-24, two land sales are due to complete.

**Distributions** EKO LLP is not a company limited by shares so there are no dividends. The partnership, on agreement with the Management Committee does make returns to the partner authorities as distributions.

All distributions that have been paid to the joint partners are shown below:

	Thanet DC	KCC
2018/19	300,000	300,000
2020/21	600,000	600,000
2022/23	300,000	300,000
Total:	1,200,000	1,200,000

2018-19 was the first year EKO LLP made a profit following completion of repayment of loans (the majority was for the Spine Road) in 2017/18. Consequently, the first distribution was made in 2018/19.

Statement of  
Accounts

The accounts for 2022/23 have been approved by the Management Committee and independently audited giving a true and fair view of the state of the LLP's financial affairs. These are lodged with Companies House.

[EAST KENT OPPORTUNITIES LIMITED LIABILITY PARTNERSHIP overview - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

## 6. RECOMMENDATION

Members are recommended to note the contents of this report for assurance.

**Joe McKay, ST, Finance**  
**Tom Marchant, GET, Growth and Communities**

**January 2024**