

From: **Paul King, Cabinet Member for Economic Development and Coastal Regeneration**

**Simon Jones - Corporate Director of Growth,
Environment & Transport**

To: Growth, Economic Development and Communities Cabinet
Committee, 11 November 2025

Subject: **Discovery Park Technology Investment Fund (DPTIF)**

Key decision: 25/00102

Classification: **Unrestricted**

Past Pathway of report: 22/00070: KCC Equity Investments: New Investment Trust

Future Pathway of report: For Cabinet Member Decision

Electoral Division: All

Summary: Kent County Council is proposing to end the current Partnership for the management of the Discovery Park Technology Investment Fund (DPTIF), an equity scheme established in 2015 using Regional Growth Fund monies.

The end of this Partnership will allow KCC to transfer the shares of the six remaining companies within the DPTIF investment portfolio into KCC's beneficial ownership. The purpose of this action is to ensure financial savings to KCC and allow KCC to retain the shares for future growth potential or exit strategy.

Recommendation:

The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Economic Development and Coastal Regeneration on the proposed decision as set out in the attached Proposed Record of Decision.

1. Background Information

- 1.1 There are three equity schemes/portfolios into which KCC historically invested the former Regional Growth Fund (RGF) and Kent and Medway Business Fund (KMBF) monies. Please note these are not KCC's own funds but UK Government funds invested under contract by KCC.
- 1.2 Initially the intention was for the KCC-administered former RGF schemes to be operated on a loan only basis but with the agreement of the UK Government, KCC was later able to offer equity investments. The first equity investments were made about a year after the first loans, under the KCC Bespoke RGF Equity Fund (KBREF) scheme. These equity investments were often made alongside loan investments. In 2015 the Discovery Park Technology Investment Fund (DPTIF) was

created and KCC entered a partnership with NAREC (now NCL Technology Ventures Ltd) to administer the funds for a 10-year period. In 2018, a further equity fund was introduced, the Kent Life Sciences Fund (KLSF) with a £5m budget and operated in the same way as DPTIF.

- 1.3 DPTIF focused on innovative early stage, high-growth companies initially based in Discovery Park. Managed by NCL under a 10-year partnership arrangement, this ends on the 14 December 2025. DPTIF is a third-party arrangement whereby all the shares, contracts, payments, and responsibility for selling the shares, lie with NCL outside KCC. KCC cannot unilaterally buy, sell or trade the DPTIF shares. As part of the establishment of DPTIF several companies were formed: Discovery Park Technology Investments (GP) Limited; Discovery Park Technology Investments (SLP) Limited; and Discovery Park Technology Investments LP. NCL have provided quarterly reports to the KMBF Investment Advisory Board (IAB) on all companies within the portfolio.
- 1.4 The DPTIF to date has invested £5,202,500 of equity investment into nine companies within the DPTIF portfolio. DPTIF provided equity investments to companies predominantly in the life science sector to support those companies' growth.
- 1.5 The original allocated budget for DPTIF has been fully committed by the fund managers and there are no remaining funds available for future equity investments.
- 1.6 Table 1 lists the five companies that are still actively trading within the DPTIF portfolio, with an initial investment value of £3,536,500. Four companies (TC Biopharm Limited, Alert Technology Ltd, Flute Office Limited, Avvinity Therapeutics Limited) have entered administration with a total loss to the Fund of £1,666,000. As confirmed in paragraph 3.9 any financial losses from investments to companies within the former DPTIF portfolio will be a loss to the Fund not to KCC. Due diligence was undertaken on all investments by the portfolio manager NCL and reported to the KMBF IAB.

Active Discovery Park Technology Investment Fund (DPTIF) Companies (Table 1)	
Companies	Original Investment £
Centauri Therapeutics Limited	734,000
Coomtech Ltd	1,452,500
Emoquo Limited	350,000
Revol Biotherapeutics Limited	500,000
Viramal Limited	500,000
TOTAL	3,536,500

- 1.7 All proceeds from the future sale of shares from companies currently within the former DPTIF portfolio will be returned to KCC, ring fenced as per RGF requirements and re-invested in local companies via the KMBF.

2. Background, Options & Risks

- 2.1 DPTIF investments are currently managed on behalf of KCC via legal agreements with NCL but given that the partnership is now coming to an end, a number of options were considered for the future of the fund.

2.2 Options - The following options were considered

- **Option 1: Continue the DPTIF Partnership:** Not recommended at this stage for the following reasons:
 - There is no indication that the sums expended on the Partnership management fees would result in a significant increase in the value of KCC's investment portfolio.
 - This therefore would not support KCC's economic drivers to increase growth, productivity, innovation, and job creation/protection.
- **Option 2: Close the DPTIF Partnership and sell the shares held by the Partnership:** Not recommended at this stage for the following reasons:
 - Due to the prevailing economic conditions selling the shares at this time could result in a significant reduction in the value of KCC's investment portfolio.
 - This therefore would not support KCC's economic drivers to increase growth, productivity, innovation, and job creation/protection.
- **Option 3: Close the DPTIF Partnership and transfer the shares held by the Partnership to KCC:** This is the **recommended option** for the following reasons:
 - Transferring the shares will provide the opportunity to sell the shares at the optimum time for the value of KCC's investment portfolio.
 - This would support KCC's economic drivers to increase growth, productivity, innovation, and job creation/protection.

2.3 Risks – The main risk of the transfer is that the shares could lose their value at a later date, but it is important to note that any future diminution in value would be written off against the Fund and not against KCC's base budget. It is not possible for KCC to mitigate this risk fully as all these investments were made in high-risk early-stage high technology companies. However, it is possible to ensure a degree of mitigation by undertaking detailed due diligence (via an independent valuation of the companies within the former DPTIF portfolio); closely monitoring the companies including offering them business support when required at a lower cost option for KCC; close monitoring on the share value and advise on the appropriate time to exit. A detailed report on the progress of each company within the former DPTIF portfolio will be submitted to KCC for discussion at the KMBF IAB every quarter.

3. Financial Implications

- 3.1 This Decision does not commit KCC to further additional investment in the former DPTIF portfolio companies.
- 3.2 The capital costs of loan and equity investments are sourced from current and future recycled loan and equity investments from the KMBF/RGF schemes.
- 3.3 The annual cost to KCC of administering the KMBF/RGF loan and equity schemes are funded from two sources: a) a management charge of up to 10% levied from the fund on the value of all investments made to companies; and b) an administrative charge of 10% levied from the companies on the value of all loans since November 2023. This makes the scheme self-funding, meaning that the combined

administration and management charges cover the direct costs of the loan and equity schemes

- 3.4 The current cost of managing DPTIF is £142,500 per annum via a management fee paid to NCL, KCC's external partner. In the future the annual monitoring cost will be reduced to no more than £50,000, paid to a KCC contractor (Jenson Funding Partners LLP). As mentioned above these fees are drawn from the recycled KMBF/RGF investments and come at no cost to KCC.
- 3.5 The shares will be transferred to KCC with nil consideration but may be subject to HMRC stamp duty. The cost of any duties will be drawn from the recycled KMBF/RGF investments and come at no cost to KCC.
- 3.6 In future the day-to-day monitoring of the portfolio of shares held by KCC will be carried out by a contractor appointed via KCC's Standard Procurement procedure, and KCC will cover staff and ongoing monitoring costs, funded by KMBG/RGF monies.
- 3.7 By retaining the shares in the former DPTIF portfolio companies, this will enable these investments to mature and increase the chances that KCC will be able to sell its shares in future for a higher amount and then be able to re-invest this income in local companies via the KMBF.
- 3.8 With the end of the DPTIF Partnership the companies formed as part of the creation of this partnership (Discovery Park Technology Investments (GP) Limited; Discovery Park Technology Investments (SLP) Limited; Discovery Park Technology Investments LP) will be dissolved.
- 3.9 Any financial losses from investments to companies within the previous DPTIF portfolio are a loss to the Fund not to KCC.
- 3.10 There are no additional KCC costs related to this decision.

4. Legal implications

- 4.1 KCC has an existing partnership agreement with NCL to manage the DPTIF until 14 December 2025. After this date KCC will enter a) a short-term management arrangement with NCL until the transfer of funds is completed (estimated to be 3-5 months); b) a short-term arrangement with an independent adviser to support the share valuation and to advise KCC during transfer of shares (2-3 months).
- 4.2 The KCC Business Investment Team – within KCC Economy - is also working alongside colleagues from both the KCC Office of General Counsel (OGC - legal expertise) and KCC Finance (debt mitigation) in relation to the equity investments. A detailed report from legal counsel has been commissioned via OGC from Bevan Brittan prior to this key decision on the process for winding down the fund and the transfer of shares to KCC.
- 4.3 Once the share transfer is completed, the future sale of those shares will be subject to KCC's Officer Scheme of Delegation. After independent financial advice, a Share Sale Approval Form will be prepared, signed by the Strategic Programme Manager, the Director for Growth and Communities and the Corporate Director for Growth,

Environment and Transport. This form is used to instruct KCC's appointed legal services to prepare the necessary sale documents.

- 4.4 KCC Internal Audit oversee all the loan and equity investment procedures and processes and advise on other matters related to the use of the funds.
- 4.5 The ability for KCC to continue to offer equity alongside loans to local businesses in Kent & Medway area has been granted by the Government until March 2032.

5. Policy Framework

- 5.1. This proposed decision is consistent with the current strategic plan priority; Levelling Up and is aligned with the strategic direction of travel in the planned new Strategic Statement; particularly the ambition to 'support local businesses to attract investment'. Decision making will continue to progress in line with the new Strategic Statement once enacted
- 5.2 The decision also supports the following priority in Securing Kent's Future – Budget Recovery Strategy, Objective 3 - Full cost recovery on discretionary spend.
- 5.3 The decision aligns with objectives in the Kent & Medway Economic Framework to 'support the conditions for [business] growth'.

6. Equalities implications

- 6.1 An Equality Impact Assessment (EqIA) has been undertaken, and this is attached to this report. No negative impacts on protected characteristic groups were identified.

7. Data protection

- 7.1 The existing privacy notice covers the operation of the KMBF, and no new data protection issues arise due to the contents of this paper.

8. Recommendation

The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Economic Development and Coastal Regeneration on the proposed decision as set out in the Proposed Record of Decision.

9. Appendices

- Appendix A – Proposed Record of Decision
- Equality Impact Assessment

10. Contact details

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