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By: Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services  
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To: Governance and Audit Committee – 16 March 2023

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 of East Kent Opportunities LLP.
2. This report provides an update on East Kent Opportunities LLP. The Annual Report and Financial Statements is included as an appendix to the report.

### **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 Member 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 have been repaid and the Eurokent Link Road loan 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, therefore, KCC's interest still continues to be positive following last year's report, with continued commercial development of EKO's previous land sales throughout 2022 and up to today. A further wider range of commercial/business space being constructed by the respective purchaser/developers, – despite the recent economic slowdown.

Development land values remain stable where market activity for commercial development which started around 2013, when the national and regional property market began to recover at that time, continues primarily from local interest and where there is still the need and shortage for cost effective and flexible business space. The following outlines some of the key points:

- i. EKO LLP land holdings are naturally steadily diminishing through its continued calibrated land disposal programme.
- ii. EKO's former Eurokent master planned mixed use area at New Haine Road Ramsgate, has been sold, primarily for residential use for approximately 400 dwellings, with a component of commercial use which is expected to start construction in Spring 2023. The disposal of Plot 2-The Trapezium finally completed after significant delays, due to two legal challenges, in February 2023, and which has detailed permission for 38 low-cost dwellings. It is envisaged this site will be developed during 2023.
- iii. EKO has Savills appointed as its selling agents and whilst the Business Park had difficult times at the outset, where the location was heavily reliant on a small number of existing very large corporate/PLC companies, over the past seven years momentum has steadily grown, conversely becoming an ideal location for many of Thanet's local, smaller businesses. This trend follows a regional and national trend.
- iv. Through coordinated land parcel fragmentation Manston Business Park has continued to successfully expand with commercial development activity and occupancy. Plots (Plots 4a, 4b, 7, 8a 9c) were sold in 2017-18 to Manyweathers Properties forming small business areas, The Oaks (100 units) and west of Columbus Avenue, The Maples (180 units) located to the east of the spine road.
- v. The Oaks and The Maples provide extensive flexible and affordable accommodation and workspace for numerous local Small and Medium sized Enterprises (SMEs). The tenure mix is 85% freehold units and flexible terms for rental units equating to 15% of the total. The model is now tried and tested and is considered the best fit for local SME companies, with a continually growing high percentage of owner/occupiers, and where pre-sales/lets are the norm.
- vi. Additional freehold land sales in the western "half" of Manston Business Park to other local companies included Roe Joinery (Plot 6a), All Access Scaffolding (Plot 6b/c) and Groundwork Solutions (Plot 6d) and have all completed construction on their own units with additional development of their residual

areas supporting further speculative smaller (accumulatively a total of 50) units and also being occupied by other business owner occupiers and tenants.

- vii. The adopted fragmented disposal approach has been an effective medium to long term strategy for EKO and it continues. Smaller micro phases of development help minimise any major risk of exposure to both seller and buyer of the land and allows any purchaser the ability to react to any changing markets.
- viii. EKO's remaining land asset, Manston Business Park (MBP) - Areas 1 & 2 - comprises approximately 11 acres of development land. EKO LLP's primary objective has been to use its remaining land assets to leverage a greater depth of range of new space and see optimum sustainable employment growth, with the delivery of both flexible/ bespoke business space accommodation and thereby encourage increased long term employment opportunities in Thanet. EKO's appointed agents, Savills have continued to advise on sales, marketing and promoting the site. Appendix 2 contains the plot designation master plan and the landscape plan.
- ix. Areas 1 & 2 are seen as the more prominent and prime parcels at MBP and where an evolving master plan has subdivided Areas 1 and 2 into seven (previously six) separate plots. This has been necessary to afford a more effective and viable development parcellisation and future phased delivery.
- x. EKO are legally engaged with an established active local developer, Guildcrest Commercial Ltd on a number of the plot sales. Guildcrest are based at Manston Business Park. Areas 1 & 2 - Plots 1c and 2c have already received detailed planning permission, but where pre-commencement conditions have slowed the finalisation of both the land sales and start of development. The entire area of 1&2 has had extensive Archaeology investigations undertaken and Plot 1c - planned as the first phase has encountered a Bronze age grave. Plot 1c and 2c are now imminent land disposals with terms agreed with Guildcrest Commercial. This has been reflected in the cashflows and may have an impact on the issuing of financial distributions to both KCC and TDC, with possible part deferrals beyond year end.
- xi. Delays with disposal of Areas 1 & 2 have been due to a variety of previous and abortive land negotiations and delays with master planning matters. The subdivision of the entire remaining Areas 1&2 has required a range of alternative access arrangements and these are having to be considered.
- xii. These areas are to be subject to EKO ensuring a calibrated land disposal approach and thereby subject to a suite of detailed planning applications being submitted for both generic commercial workspace and which help underpin a future Innovations Centre (IC), offering much needed and flexible business hub. Importantly, the IC office component will take pride of place, fronting the business park's entrance roundabout to Columbus Avenue. Further land sales of Plots 1b, 2b and 2d have also been agreed, subject to satisfactory detailed planning permissions. The outcome of these conditional sales are likely to be confirmed during 2024. Plot 1a is going to be the final scheme and is to be

located in the most prominent frontage/corner site, immediately adjacent to the Columbus Avenue and Spitfire Way roundabout.

- xiii. EKO LLP has similarly agreed terms with Hilger Crystal - Plot 2a and solicitors Invicta Law are acting on the freehold sale. EKO LLP has expended extensive time and resources in aiding Hilger Crystal with their proposals from the outset. Their scheme has evolved much over the past year requiring close attention and many various layout changes. Adjustments to their scheme are still ongoing, but not unexpected as the proposed new HQ is an important landmark building, larger than many of the more recent developments at Manston Business Park and which in design and town planning terms must be carefully articulated to address all existing mains services and the Business Park's prime frontage area onto Spitfire Way. The proposed street frontage will compete with/compliment the existing adjacent Summit Aviation building and the other proposed adjacent frontage buildings currently planned. EKO has also been instrumental in introducing Hilger Crystal to KMBF to help support with their potential funding of their project through KCC's Growth, Environment & Transport's external funding Team.
- xiv. Due to the continuing growth, demand for further service provision and access roadways are likely to be some minor infrastructure costs to be allowed for in the land sale process and accommodated in the cashflows. A range of eclectic commercial uses being proposed makes utility supplies and provisions difficult to predict/provide and these needs must normally be resolved/procured by the respective plot purchasers.
- xv. In respect of service areas and corridors of non-developable land there has been regular trespass and anti-social behaviour. This relates mainly to late week evening and weekend incursions on and around the adopted roadways and within the more isolated areas, particularly north of Cummins former site which is now vacant.
- xvi. EKO is working on the most effective and resilient methods of security and enclosure of what are extensive, but remote boundaries. Previously devised but yet to be implemented Landscape Strategy for the undeveloped areas and service margins will need to be protected and maintained. The focus is to be on a more informal and natural landscaped environment and future setting for the business park, with opportunities for new and replacement tree planting.
- xvii. Discussions are taking place with Plan Tree in specific non developable areas and Plan Bee with proposed wildflower areas, to encourage a greater variety of wildlife and all pollinators in non-developable areas of the Business Park. These concepts are fully in alignment with KCC's current greening and environmental policies and maximise carbon offset.
- xviii. Next steps for the company include:
  - a. Continued negotiations for last remaining land sales at Manston Business Park.

- b. Management of trespass and anti-social behaviour with other landowners and police.
- c. Further review of future exit strategy to be refined and agreed by EKO LLP Management Team prior to and upon the completion of final development land sales.

5. East Kent Opportunities LLP's Annual Report and Financial Statements for 2021-22 are attached at Appendix 1, and the key points can be summarised as follows:

- i. In 2021-22, in the EKO LLP accounts, the net assets of the joint arrangement are £9.5m. The operating loss before members' remuneration and profit shares are £0.09m. The loss is made up of the administrative costs, and with no land sales during the financial year, there is no turnover to offset costs.

During 2022/23, there has been one completed sale and two further sales expected before year end, consequently, there is expected to be £600k available for discretionary distributions to be equally split between both KCC and TDC.

- ii. The accounts have been approved by the EKO LLP Management Committee and lodged with Companies House and give a true and fair view of the state of the LLP's affairs.

## 6. RECOMMENDATION

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

**Emma Feakins, ST, Finance**  
**Nigel Smith, GET, Economic Development**

**March 2023**