

From: Mike Whiting, Cabinet Member for Economic Development.
Barbara Cooper, Corporate Director of Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee – 3 July 2020

Subject: Manston Business Park Thanet - East Kent Opportunities LLP

Classification: Unrestricted

Past Pathway of Paper: N/A

Future Pathway of Paper: N/A

Electoral Divisions: Manston, Thanet

Summary:

East Kent Opportunities Limited Liability Partnership was established in 2008, a Joint Venture Limited Liability Partnership between KCC and Thanet District Council. Its primary remaining asset is Manston Business Park, located just north of Manston Airport and the Thanet Way.

EKO LLP has in more recent years been successfully promoting the Business Park for commercial development. With years of inactivity due to suppressed property markets the kick-start of development activity was the development of Plot 5, a two acre site in the centre of the scheme, by Rowe Atlantic and which delivered elevator workshop/office space where accommodation can be added to for future expansion. This development was assisted by a £500k Growth fund loan provided through Economic Development in 2015/16. Since then development activity has been entirely from local SME businesses, many of which have been self-funded by the individual respective company owners, often using private pension arrangements.

EKO LLP has through both the town planning process and commercial techniques encouraged and engaged with the private sector in bringing about new economic growth and regeneration of Thanet in various key locations. EKO has successfully demonstrated its ability to facilitate land and business development. It continues to look at ways to do this and this report shows how it has delivered the maximum employment creation opportunities, particularly through its landholdings at Manston Business Park.

Recommendation:

The Cabinet Committee is asked to consider, note and endorse the current economic and regeneration objectives being achieved by EKO LLP, envisaged in its original Member's Agreement. Recognise EKO LLP as an effective and economic development delivery vehicle, by encouraging a wide range of employment opportunities through commercial growth, even in what are difficult market conditions. Specifically, to support the continuing achievements made by cost-effective facilitation/delivery of the Business Park as a unique, major business and employment location for Thanet.

1.0 EKO LLP - Joint Venture-The partnership -background and context

- 1.1 In June 2006, KCC acquired landholdings at Manston Park with the objective of creating a significant impetus to the regeneration of the Thanet and wider East Kent economy through the provision of quality employment land and in turn, quality local jobs in a phased and co-ordinated manner. TDC owned comparable sized landholdings at Eurokent, near Westwood Cross and with KCC pooled their holdings into a JV vehicle. A clear synergy in the control and management of both landholdings by a single LLP company, an entity specialising in placemaking, town planning, land and property development and formed to articulate and deliver development more effectively, with clear and certain economic regeneration and development objectives through identifying opportunities able to gain economies of scale. The JV was to focus and maximise the overall regeneration benefits to Thanet, with significant mutual benefits for both partner authorities.
- 1.2 In June 2007, KCC and TDC entered into a collaboration agreement that confirmed the intention of the two authorities to develop both Manston Business Park (formerly Kent International Business Park) and Eurokent Ramsgate sites. The collaboration agreement resulted in the formal transfer of the respective land parcels (Kent County Council - Manston Business Park and Thanet District Council-New Haine Road, Eurokent) into the joint venture company of East Kent Opportunities Limited Liability Partnership in August 2008.
- 1.3 KCC and TDC are the shareholders of the Limited Liability Partnership, where the business is steered by a Management Team of six representatives, one elected member and two senior officers from both parties. The Management Team make Strategic decisions and the day to day functions of the business are undertaken by an appointed Project Coordinator.
- 1.4 Formal operations and procedures for the LLP have been established and an initial Business Plan was prepared. The value of the land at Eurokent and Manston Park were effectively written off by KCC and TDC. The transfer of land into the LLP Company represented an opportunity cost to the respective councils. The LLP was however also responsible for the cost of building the New Haine road link in 2007, imperative to the creation and success of Westwood Cross new town centre. This debt along with other loans made to the company were fully repaid in spring 2017.

2.0 Market conditions

- 2.1 At the point of the LLP's formation the property market went into rapid decline and both commercial and residential development markets effectively collapsed. Thanet as a development location was severely marginalised and has struggled to recover, where there has been a resistance from large corporate companies and developers to locate/develop in the area.
- 2.2 The sites had been marketed for many years but with without success. The Eurokent site suffered from not having a planning permission in place and an

outline planning application for a mixed use development was submitted in 2011 and refused by TDC in 2013. The refusal was subsequently appealed by way of a Public Inquiry and the Decision referred to the Secretary for State and consent was finally granted consent in October 2014.

- 2.3 During the planning appeal process for Eurokent, in 2012/2013 a 5.5 Acres central part of the EKO Eurokent site was identified and promoted independently as a potential SEN school. EKO and KCC collaborated and initiated a complex land swap, whereby EKO secured planning permission for residential redevelopment of the old Laleham School site and KCC achieved planning consent for the new school site. In 2014-2015 local market conditions started to improve and EKO sold the former school site in Cliftonville to Orbit housing for 70 affordable housing units. The land exchange secured EFA funding for the school build and the new facility was completed and occupied in 2014/15.
- 2.4 EKO LLP subsequently secured at appeal a major mixed-use planning consent at Eurokent, with an associated adopted master plan. In March 2017, it sold a significant part of its serviced landholdings at Eurokent, some 22 Acres for residential development to Homes England (HE). EKO simultaneously facilitated a further sale of adjacent land of 11 acres to Homes England. The combined 33 Acres are expected to deliver some 350-400 family houses over the next five years.

3.0 Manston Business Park

- 3.1 Manston Business Park is a major historic employment allocation, both in the previous and very latest Thanet District Local Plan. EKO in promoting the Business Park for commercial development, originally experienced many years of inactivity, due to the poor commercial property markets. It managed to encourage initial development activity with the sale of Plot 5, a two-acre site in the centre of the scheme. Rowe Atlantic Ltd moved their business from near Exeter and to Kent. The company delivered a modest 19 workshops and office suites as a unique speculative elevator workshop/office space scheme with support from a £500k Growth fund loan, facilitated through KCC's Economic Development in 2014-2015. This high-quality designed scheme encouraged much interest. The majority of more recent activity has however, almost entirely originated from existing East Kent SME businesses, and many of which have been self-funded, utilising personal pension funding arrangements.
- 3.2 Manyweathers Properties are a local family run privately funded commercial developer. They currently employ a work force of 30 people, plus an extra 15 staff engaged in the office fitouts and finishing and since 2015 have taken a robust development approach initially based on speculation. Through support and a collaborative approach with EKO, Manyweathers Properties have expanded their development exponentially. EKO LLP devised a calibrated land purchase program and Manyweathers Properties have acquired initially seven separate, but adjacent freehold land parcels (Plots 3 & 4). The sequential land sales were followed by a phased development program, in total creating 101 business workshop units, specifically to suit the pent-up SME market. Accordingly, all the units were either sold or let before each of

the respective seven phases were completed. The collective development scheme is known as The Oaks Business Park, and this scheme has given more than 90 businesses the opportunity to either start-up or re-locate and/or expand and resulted in over 400 people employed at The Oaks Business Park alone.

- 3.3 Manyweathers Properties have continued their developments with the creation of The Maple Leaf Business Park with the purchase of Plot 7. This was subsequently and logically expanded with a further sequence of purchasing of adjacent Plots 8a, 9c, and Option Agreements for Plots 8b ,9d and 9e.
- 3.4 Manyweathers Properties Ltd have become Manston Business Parks, primary developer, where their continuing phased expansion of The Maple Leaf Business Park (including The Oaks) is of an unprecedented scale of commercial development in Kent. Maple Leaf contains a mix of over 155 two storey workshops with associated offices. The occupiers are local East Kent companies wishing to own and occupy (85% freehold) with their own identity and permanent location of their respective businesses. Some (15% rental) are retained and let out by Manyweathers Properties.
- 3.5 Manyweathers Properties have only recently (February 2020) legally completed with Plot 9d and they have announced in the past two weeks that they wish to further progress with the purchase of the two remaining option parcels, 9e and 8b, far earlier than forecast. They are shortly expected to seek detailed planning consent for those parcels. A further 60 plus employment opportunities.
- 3.6 Additional individual plots have been sold In November 2019 Plots 6d (Groundwork Solutions), January 2020, 9b (Robbie Toys Ltd), and in mid-June 2020, Roe Joinery purchased Plots 6ab and are to build an exemplar timber framed factory which in turn will produce timber framed buildings and products.
- 3.7 Manston Business Park's continued and recent successes has helped both significantly mitigate job losses and improve job creation in the Thanet area. The nature of the Park's progressive development has created a far more diverse, eclectic and thereby robust employment base at the site.
- 3.8 Previously, the Park was predominantly occupied by only a very few large PLC manufacturers, sensitive to global market changes and arguably at higher risk of failure. Furthermore, these large companies have in the past created somewhat false security, with a heavy over-reliance on local service companies as a support structure, which compounds the risk of a high reliance on single businesses.
- 3.9 These developments have helped to offset the employment losses from Pfizer, Cummins consolidation, Cardy, Port Ramsgate and the Airport. There has been a marked increase in the total number, range and type of companies, mainly SME's operating from the site, providing a far greater level of choice range of employment opportunities for local people. Such job

creation in the Thanet and East Kent area is paramount for a sustained future commercial prosperity for the area.

3.10 EKO LLP has over the past three years, enabled through various service land transactions at Manston Business Park delivered:

- The creation and/or retention of some 580 full time jobs
- some 60 part time jobs
- 122 companies located/re-located
- 134 workshops/business units
- 1 HQ office
- 5 serviced offices

4.0 Pipeline

4.1 EKO LLP has a number of further land sales in the pipeline with other local Kent based companies on Plots 1ab, 6c, and Plot 9a, all local companies within the construction industry.

4.2 The Plot 1ab development is a proposed new HQ office facility for local businesses and which include serviced offices and shared associated facilities. Collectively, the above sales will create significant employment retention and expansion opportunities currently estimated as follows:

- Estimated creation of a further 555 full time jobs
- Estimated 55 part time jobs
- A further 80-100 companies to locate/re-located
- Create a further 94 workshops/business units
- 2 HQ offices
- 4 serviced offices
- SME serviced Business Hub/innovation centre
- Potential for 1200+ full time jobs by the future promotion and disposal of the total remaining 15 Acres of commercial development land at both Manston Business Park.

5.0 Conclusion

5.1 EKO LLP continues to look at ways to facilitate and deliver the maximum employment creation opportunities through its landholdings at Manston Business Park.

6.0 Financial Implications

6.1 There are no negative financial implications to KCC (TDC) as EKO LLP is a viable and commercially stable company. EKO in successfully repaying all its debt has in recent years been able to make dividend /distributions back to both Council Partners.

7.0 Legal Implications

7.1 There are no legal implications to KCC as the JV company is a Limited Liability Partnership.

8.0 Equalities Implications

8.1 There are no Equality Impact Assessments (EqIA) required in providing this information.

9.0 General Data Protection Regulations (GDPR) Considerations

9.1 A Data Protection Impact Assessment is not required as this information does not require the processing of personal data.

10.0 Other Corporate Implications

10.1 There are no other corporate implications for KCC

11.0 Governance

11.1 The report will be submitted by the Cabinet Member for Economic Development.

12.0 Recommendation:

12.1 The Cabinet Committee is asked to consider, note and endorse the current economic and regeneration objectives being achieved by EKO LLP, envisaged in its original Member's Agreement. Recognise EKO LLP as an effective and economic development delivery vehicle, by encouraging a wide range of employment opportunities through commercial growth, even in what are difficult market conditions. Specifically, to support the continuing achievements made by cost-effective facilitation/delivery of the Business Park as a unique, major business and employment location for Thanet.

13.0 Background Documents

Appendix A – Manston Business Park Context Plan

Appendix B - Aerial and marketing images

Appendix C - Aerial and marketing images

14.0 Contact details

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