



East Kent Spatial Development Company

Report to Folkestone and Hythe District Council

April 2024

Company Background

2002- 2007 Company formation and initial project delivery

The East Kent Spatial Development Company (EKSDC) was formed out of a partnership between the South East England Development Agency, Kent County Council, Thanet District Council and Dover District Council. The EKSDC was incorporated as a company limited by guarantee in April 2002.

The initial purpose of the company was to look at the investment of utility infrastructure in the Thanet Central Island and Sandwich Corridor. It had been identified that despite land being zoned for development within these areas these sites were not being bought forward due to the utility constraints. The reasons for these constraints were twofold:

- The legislation and regulatory framework precluded utility companies from investing in significant advance utility infrastructure unless there was proven demand.
- The first developer approach requires that the first developer who triggers the requirement for additional infrastructure pays the total cost of the reinforcement irrespective of the capacity that they require.

Therefore, it was identified that since existing capacity was exhausted, the capital costs of new reinforcement were unaffordable to new developers, and this was acting as a disincentive for inward investment in the area.

The EKSDC identified that the most pressing demand for utility reinforcement was for the supply of electricity to the Thanet Central Island. The existing supply was up to capacity and for the reason discussed no further investment was being made in the area.

The EKSDC therefore secured the funding for the £10 million Phase 1 Electricity infrastructure project and, following a competitive tender process, entered into a contract with EDF Energy for the delivery of the project. This project commenced in 2004 and was completed in December 2006 on time and on budget. The supply was available for connection from spring of 2007. The project was funded from European Regional Development fund, the Single regeneration budget, and English Partnerships.

This project was seen as unique and innovative in that rather than just investing the funds into laying cables the Company entered into an agreement with EDF energy whereby as customers connect to the supply a reimbursement would be paid back to the Company proportionate to the amount of supply which had been taken up. This would then enable the Company to reinvest in future projects providing a rolling investment fund for further regeneration projects.

Business Goals

The Company's goals are as follows:

- develop speculative buildings to promote employment and bring forward further investment on development sites.
- Refurbish business accommodation to provide high quality business space required by dynamic modern businesses.
- To assist where appropriate in delivering the employment on strategic mixed use site.
- support regeneration projects which promote the provision of jobs and promote the potential for economic growth.
- support projects which lever additional private or public sector funding into the area.
- Manage properties effectively as appropriate for business needs, in particular SMEs and business start ups.

Management and organisation

Current Membership

The EKSDC is a Local authority controlled company made up of the following members

- Kent County Council
- Canterbury City Council
- Dover District Council
- Folkestone and Hythe District Council
- Thanet District Council
- University of Kent
- Locate in Kent

Each Company Member is represented on the Directors whose roles are to oversee the management of the company. The board of Directors meet 4 times per annum.

Project Steering Group

The Project Steering Group is made up those individuals involved in project specific function or wider economic/regeneration activities and are nominated by the Board members and non-voting observers who attend the EKSDC Board. Membership of the Project Steering Group is not fixed and may be altered or amended at any time to maintain optimum flexibility to meet changing needs and requirements of the Company and its evolving action plan.

The main function of the Project Steering Group is to assist the Board of the EKSDC in developing its business plan and setting the key activities for recommendation to the Board of the EKSDC.

In addition the Project Steering Group:

- Provides information for new and additional projects, assisting the Company in making proposals to the Board of the EKSDC with regard to determining future project selection against the specified selection criteria. All projects are submitted to the project steering group before submission to the Board for approval.

- makes recommendations for project prioritisation to the Board of the EKSDC.
- Bring attention to potential funding opportunities.

Project selection criteria

Projects identified by the project steering group will be put forward for a business case review. The business case review will include but is not limited to:

1. Rationale for EKSDC involvement

For the EKSDC to become involved in a project there had to be either a demonstratable market failure or justification why EKSDC involvement is preferable to private sector development

2. Deliverability

Taking into account the following

- Any ownership issues
 - Planning
 - Design
- #### 3. Funding

If the project is part of a wider regeneration activity is the funding for this activity secured?

Is their opportunity for the EKSDC to secure further investment or funding?

4. Strategic fit

Does the project fit the aims and priorities of the EKSDC and member organisations

5. Leverage of funds

Are additional funds able to be levered for example in joint venture working with public or private sectors

6. Return on investment

7. Employment outputs and value for money

8. Risk

EKSDC Properties and resources

The following properties are those that are owned, or part owned by the EKSDC.

Canterbury Innovation Centre

Canterbury innovation centre provides just over 25,000 sqft of lettable space made up of offices, studios and workshop space. There are 88 units in total. The centre opened in 2009 and was funded through the South East England Development Agency.

Aylesham Employment Project

This two phase project consists of a small office block of 15 offices which are owned by the EKSDC but managed by the Aylesham Workshop Development Trust under a 25 year management agreement. The offices were completed in 2010.

The 2nd phase completed in October 2011 and consists of 2000 sqft of workshop units which are operated by the EKSDC on short leaseholds (3-5 years). The project was funded by the Homes and Communities Agency

Clover House Whitstable

Clover House was 100% funded by the EKSDC. The building itself had stood empty for 3 years prior to the EKSDC purchasing it and, whilst structurally sound, required a complete internal fit out to bring it up to modern office standard. Opening after the refit in 2017 it offers 28 offices amounting to just over 13,000 sqft of lettable space

Properties in the Folkestone and Hythe District Council region

Bouverie House Business Centre, Folkestone

Bouverie House business centre was opened in April 2021. Prior to EKSDC purchasing the lease it had stood as an uncompleted empty building for 13 years. The EKSDC funded the purchase of the lease and 50% of the fit out costs, the remaining 50% coming from the European Regional Development Fund. The building consists of 21 office amounting to just over 6000 sqft.

Overall take up of the property has been lower than anticipated with occupancy currently standing at 30% having achieved a maximum of 60%. There seems to be no single factor attributable to these occupancy levels. Discussions with agents and other operators in the area suggest they also are experiencing low occupancy. The cost of living has certainly had an impact. Over the last 2 months however we have started to see an increase in demand. 2 further offices have been let and we are currently in negotiations with a tenant to take 5 offices and the ground floor. This will put our occupancy back up to around the 60% mark.

The EKSDC is increasing its marketing activity in the area and providing more staffing resource to bring this centre forward.

In addition the EKSDC is putting in increased staffing into the building to help promote and create a better business community environment

Romney Marsh Business Hub

The Romney Marsh Business Hub is a joint venture between the EKSDC and Folkestone and Hythe District Council with additional funding being provided by Magnox. The building opened in May 2022. Also operating out of the centre is the Magnox-funded Business Support Manager providing services across the whole of Romney Marsh. The building comprises 15 offices amounting to some 6000 sqft of office space.

Since opening the hub has continued to perform well and reached budget and expected outputs. Current occupancy is 85% and external meeting room hire bookings are high.

Services

All EKSDC properties offer (with the exception of Aylesham Workshops)

- Easy in/easy out terms
- Fully serviced office space
- High speed broadband
- 24/7 access
- Meeting room space
- Break out areas

Other resources

Cash at bank

The Company is anticipated to hold some £2.9m million in the financial year ending April 2024. Of this £700,000 can only be spent in the Thanet or Sandwich corridor due to previous funding obligations.

Our reserves are forecast to grow by £400,000 per annum over the next financial year subject to occupancy rates being achieved.

