
To: Secretary of State for Transport
% Planning Inspectorate,
National Infrastructure Planning

Date: 21 July 2023
Our Ref: Manston
Your Ref: TR020002

Email: manstonairport@planninginspectorate.gov.uk;

Background

- A. We are local residents of Ramsgate.
- B. We saw a Regulation 6 Notice in a local paper on or around 14 July 2023 in relation to an Application for Non-Material Change to Manston Development Consent Order (the “**Application**”) on behalf of RiverOak Strategic Partners Limited (“**RiverOak**”). On 20 July we could access the documents on the Planning Inspectorate website.
- C. Due to the nature, scope and breadth of the proposed corrections we believe the proposed amendment is a material change to the DCO.

Security Figure

- D. We note that RiverOak seeks to amend the security figure at Article 9(1)(a) of the DCO from £13.1 million to £6.2 million.
- E. RiverOak’s Funding Statement found on the Planning Inspectorate’s TR020002 Manston Airport Examination Library at [[REP7a-006](#)¹] laid out its projected capital funding for the project and estimated funding for the compulsory acquisition and noise mitigation required. This is laid out in a table at Paragraph 29 of [[REP7a-006](#)²] and forms RiverOak’s rationale for the security figure at Article 9(1)(a).
- F. Please find below the Table at Paragraph 29 of RiverOak’s Funding Statement found on the Planning Inspectorate’s TR020002 Manston Airport Examination Library at [[REP7a-006](#)³].

1

<https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR020002/TR020002-04069-Funding%20Statement.pdf>

² *ibid*

³ *ibid*

Type of funding	Estimated amount	When secured	How secured
Blight claims	£500,000	Now	In RiverOak's accountants' account now
Land acquisition	£7.5m	Now	Joint venture agreement allows draw-down of this amount
Noise mitigation measures	£4.35m	Now	Joint venture agreement allows draw-down of this amount
Project capital costs	£306m	Upon grant of DCO	Funders to be selected from parties who have already expressed interest and who may subsequently do so

Joint Venture Agreement

- G. The Manston Airport Examining Authority's Report of Findings and Conclusions and Recommendation to the Secretary of State for Transport [[Recommendation Report](#)⁴] states at:

"9.8.57...Given this it was clear to the ExA that, six weeks before the close of the Examination, [RiverOak] and the network of companies subsidiary to, or associated with, it did not themselves have sufficient funds at that time, to have fulfilled the requirements in Article 9 – Guarantee in respect of payment of compensation etc"

- H. The ExA continued to seek evidence of the assets held by RiverOak and its funders and availability of funds from other funders to fulfil the requirements of Article 9.
- I. The ExA found a degree of reassurance that a mechanism existed to provide RiverOak with funding from a Joint Venture Agreement which contained a signed Loan Note Instrument constituting up to £15,000,000 interest-free nonconvertible loan stock 2026 signed by Directors of MIO, [RiverOak] and also dated 29 March 2019 (please see Sections 9.8.70 to 9.8.76 of the Manston Airport Examining

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<https://infrastructure.planninginspectorate.gov.uk/projects/south-east/manston-airport/?ipcsection=docs&stage=6&filter1=Recommendation+Report>

Authority's Report of Findings and Conclusions and Recommendation to the Secretary of State for Transport [Recommendation Report⁵].

- J. Subsequent to this in July 2019, RiverOak acquired the main airport site for £16,500,000 - an amount that is double the estimated amount for *all* land acquisition (including this site) stated in its Funding Statement [REP7a-006⁶] - and far more than the loan facility of £15 million provided for by the said Joint Venture Agreement.
- K. RiverOak's structure and amounts owed by group undertakings have changed since its submission of the Funding Statement [REP7a-006⁷] and after the Examination had ended.
- L. The RiverOak group of companies includes RiverOak Investments (UK) Ltd and its subsidiaries, RiverOak Strategic Partners Ltd, RiverOak Operations Ltd, RiverOak AL Ltd, RiverOak MSE Ltd and RiverOak Fuels Ltd (together "**RiverOak Group**").
- M. RiverOak Groups debts are declared at **-£31,599,973** in an unaudited final statement filed with Companies House as of 23 November 2022.
- N. Fixed assets across the whole group of companies, excluding the assets required for the DCO - i.e. the main airport site and fuel depot land - total £801,578.
- O. It is therefore not clear that RiverOak Group can service its debts and it is reasonable to doubt whether there is a mechanism which currently exists to provide RiverOak funding to meet the requirement of Article 9.
- P. It is of concern that, perhaps, the proposed amendment to the security figure is driven not by the requirements of the DCO but RiverOak's need to service its current debts.
- Q. RiverOak's ultimate controlling party is HLX Nominees Limited a BVI company which now owns 80% of the issued share capital as of filed accounts of 31 August 2021. The members and directors of HLX Nominees Limited and its financial status have been withheld by RiverOak.

Land Acquisition

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<https://infrastructure.planninginspectorate.gov.uk/projects/south-east/manston-airport/?ipcsection=docs&stage=6&filter1=Recommendation+Report>

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<https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR020002/TR020002-004069-Funding%20Statement.pdf>

⁷ *ibid*

- R. Paragraph 29 of RiverOak’s Funding Statement found on the Planning Inspectorate’s TR020002 Manston Airport Examination Library at [REP7a-006⁸] states that *all* land acquisition was originally estimated at a value of £7.5 million.
- S. The Book of Reference is 882 pages long (please see [Response to the Secretary of State's Consultation of 21 October 2021 - 2.5a Updated Book of Reference](#)⁹ known as the Updated Book of Reference of 3 December 2021 on the Planning Inspectorate website).
- T. It is unclear from the Manston Airport Development Consent Order 2022 Application For A Non-Material Change Supporting Statement at paragraph 2.2 what land is (or is not) included in the up-to-date valuation carried out by CBRE and referenced in the Applicant’s Supporting Statement in the last line of paragraph 2.2.
- U. The CBRE valuation has not been included in the documents available to view on the Planning Inspectorate website.
- V. What is clear is that CBRE’s previous valuation for the main airport site and additional land acquisitions was estimated at £7.5 million when in fact the real purchase price for the main airport site alone was £16.5 million. As such, the Applicant’s original funding statement significantly undervalued the estimated cost of land acquisition. This being the case this brings concerns as to the accuracy of the current proposed CBRE calculation of £1.1 million for all other land acquisitions in the South-East.
- W. In addition, the revised compensation figure for compulsory acquisition (£1.1 million) seems a very small number given the size of and number of some of the parties involved for example Kent County Council, Thanet District Council, Network Rail and the Defence Infrastructure Organisation and the large number of landowners in relation to - for example - what is referred to in RiverOak’s Statement of Reasons as the ‘pipeline’.
- X. It is, perhaps, of note that the Defence Infrastructure Organisation objected to the development and the Secretary of State for Defence did not consent to compulsory acquisition of its major freehold interests – the Aerial Farm (Plot 26), The Motor Transport unit (Plot

⁸ *ibid*

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https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR020002/TR020002-06142-2.5.a%20Manston%20Airport%20Book%20of%20Reference%20-%20TR020002_RED2_SoSReq_BoR.pdf

38) and the HRDF site (Plot 41). In addition, the Secretary of State for Defence did not consent to the compulsory acquisition of other rights where these might have an adverse impact on its freehold interests and in particular the HRDF site (please see [Response to the Secretary of State's Consultation of 17 January 2020](#)¹⁰ on the Planning Inspectorate website). In July 2021, the MOD maintained its objection to the proposed development (Please see [Response to the Secretary of State's Consultation of 11 June 2021](#)¹¹). Further, Network Rail also objected (Please see [Response to the Secretary of State's Consultation of 11 June 2021](#)¹²).

- Y. Given the above, the Applicant cannot provide any assurances that the proposed revised compensation figure for compulsory acquisition will not interfere with the amount set aside for noise mitigation.
- Z. It must be right that RiverOak provides a copy of the CBRE valuation and an up-to-date Book of Reference to support its application given that if it is found wanting; the noise mitigation measures will be at risk.

Noise Mitigation Costs

- AA. The Noise Mitigation Plan (document TR020002/D6/2.3) contains further financial commitments in the form of RiverOak's noise mitigation measures, some of which involve expenditure, and provision also needs to be made for any successful 'Part I' claims, i.e. for loss in market value due to operation of the project.
- BB. The Funding Statement at Paragraph 20 of [[REP7a-006](#)¹³] stated these estimates at publication of the statement were: a. Implementation of insulation policy and Part I claims: £2.75m (up to 275 properties at £10,000 each); and b. Implementation of relocation

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<https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR020002/TR020002-005290-Defence%20Infrastructure%20Organisation%20.pdf>

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<https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR020002/TR020002-005755-Defence%20Infrastructure%20Organisation.pdf>

¹²

<https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR020002/TR020002-006356-Eversheds%20Sutherland%20on%20behalf%20of%20Network%20Rail.pdf>

¹³

<https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR020002/TR020002-004069-Funding%20Statement.pdf>

policy: £1.6m (up to eight properties). Together the £4.35 million for noise mitigation measures in 2019.

- CC. RiverOak estimated noise mitigation costs for implementation of insulation policy at £2.75 million in 2019.
- DD. The Bank of England inflation calculator found on the Bank of England website <https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>¹⁴ evidence that goods and services that cost £2.75 million in 2019 would now cost £3,353,312.03 (ie the basic shortfall would be circa 600 Thousand Pounds).
- EE. Further, since May 2019 it is well reported that rising production costs, labour costs, supply chain issues and rising demand are all contributing to the rise in window glass and general construction prices over and above standard rates of inflation.

Figure 3: Other non-metallic mineral products for the domestic market have been rising from 2019 to 2021

Other non-metallic mineral products for domestic market, UK, January 2019 to September 2021



Source: Office for National Statistics - Producer Price Index

- FF. RiverOak estimated implementation of relocation policy at £1.6 million (up to 8 properties) in 2019.
- GG. Average house price in Thanet went up from £260,338 in March 2019 to £318,518 in March 2022 - an increase of 22.35%. (source

¹⁴ <https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>

<https://www.ons.gov.uk/datasets/house-prices-local-authority/editions/time-series/versions/10>)

- HH. On this basis alone, implementation of relocation policy costs since 2019 would increase from £1.6 million to £1.96 million.
- II. It must be right that RiverOak provides an up-to-date CBRE valuation as to the costs of these noise mitigation measures (implementation of relocation policy and implementation of insulation policy) and based on environmental information about noise exposure from the environmental consultants to support its application given that if it is found wanting; noise mitigation measures will be at risk.
- JJ. It must be right that any amendment to Article 9 reflects a current estimation of noise mitigation costs (implementation of relocation policy and implementation of insulation policy).

Summary

- KK. It must be right that RiverOak provides:
 - a. a copy of the CBRE land acquisition valuation and an up-to-date Book of Reference to support its application given that if it is found wanting; the noise mitigation measures will be at risk.
 - b. an up-to-date valuation as to the costs of these noise mitigation measures (implementation of relocation policy and implementation of insulation policy) based on environmental information about noise exposure from the environmental consultants to support its application given that if it is found wanting; noise mitigation measures will be at risk.
 - c. evidence the RiverOak has sufficient funds or a robust mechanism in place at that time, to fulfil the requirements in Article 9 (if granted).
- LL. It must be right that any amendment to Article 9 (if granted) reflects a current estimation of land acquisition and noise mitigation costs and the means to fulfil the requirements of Article 9.
- MM. There is significant risk that the compensation figure for compulsory acquisition would exceed the proposed amount of £1.1 million pounds in this case it would interfere with the amount set aside for noise mitigation measures.
- NN. There is significant risk that the figure for noise mitigation measures will exceed the proposed amount of £4.35 million pounds.
- OO. There is significant risk that the figure for contingency will exceed the proposed amount of £750,000 given that this is not sufficient to cover

even the basic inflationary impacts since the original funding statement, much less address any of the significant risks outlined above.

- PP. Consequently, there is a significant risk of impact of the proposed changes on local people which may constitute a **material change to the DCO** as per paragraph 16 of the Planning Act 2008: Guidance on Changes to Development Consent Orders 2015.