

# Decision Notice

## Delegated Decision

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<b>Decision No:</b>	<b>DD05</b>
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<b>Subject:</b>	<b>DISCHARGE AND RELEASE OF EAST KENT HOUSING LIMITED FROM ITS OBLIGATIONS TO REPAY A LOAN TO DOVER DISTRICT COUNCIL</b>
<b>Date of Decision:</b>	<b>15 September 2020</b>
<b>Notification Date:</b>	<b>15 September 2020</b>
<b>Implementation Date:</b>	<b>21 September 2020</b>
<b>Decision taken by:</b>	<b>Mike Davis, Strategic Director (Corporate Resources)</b>
<b>Delegated Authority:</b>	<b>Decision of Cabinet dated 20 February 2020 (CAB 136 (e)) to delegate to the Strategic Director (Corporate Resources), in consultation with the Portfolio Holder for Housing and Health, the authority to take such decisions as may be necessary to facilitate the process of bringing the housing service in-house</b>
<b>Decision Type:</b>	<b>Executive Key Decision</b>
<b>Call-In to Apply?</b>	<b>Yes (<i>Call-in will expire at 10.00am on 21 September 2020</i>)</b>
<b>Classification:</b>	<b>Unrestricted</b>

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<b>Reason for the Decision:</b>	To discharge and release East Kent Housing Limited from its obligation to repay a loan made to it by the Council for the purchase of a computer system in order to facilitate an orderly transfer of the function of managing the Council's housing stock from East Kent Housing to the Council and the subsequent orderly dissolution of East Kent Housing.
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<b>Decision:</b>	That Dover District Council enters into a deed of release with East Kent Housing Limited discharging it from its obligations to repay to the Council the outstanding balance (£278,333.33) of a loan made to it by the Council.
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### 1. **Consideration and Alternatives** (*if applicable*)

- 1.1 East Kent Housing Limited ('EKH') is jointly owned by Canterbury City Council, Dover District Council, Folkestone & Hythe District Council and Thanet District Council. The four councils advanced EKH loans of £223,000 each in 2014 to fund the implementation of a single computer system. The loans were due to be repaid in six instalments from 1 April 2017. The costs of the system were higher than expected and implementation took longer, so in 2018 further advances of £92,500 per authority were made to EKH. Repayments were rescheduled to start in April 2019 in equal instalments over seven years. The loans were interest-free and are classified as capital expenditure. A balance of the loan of £278,333.33 remains outstanding and due to the Council.

- 1.2 Now that the services provided by EKH are being transferred back to the four authorities, and in order to effect an orderly closure of EKH, there is a need to release and discharge EKH from its obligation to repay the outstanding balances on the loan owed to the Council. This is to be achieved through a deed of release entered into by EKH and each council. This will remove the loans from the balance sheet of EKH and reduces the risk of its becoming insolvent.
- 1.3 The computer system purchased by EKH with the loan will be transferred to the four councils for their future use.
- 1.4 Once the deed of release is entered into and EKH has been released from its obligation to repay the loan to the Council, that position needs to be reflected in the Council's accounts. The debt due to the Council, when released, will be written off in the Council's accounts in accordance with standard accounting practices. This value of the write-off will fall as a charge to the Housing Revenue Account.
- 1.5 As part of the transfer of housing management from EKH back to the Council, separate contracts will be signed between the computer system supplier Northgate and each council, and the system will be split into four separate systems.
2. **Any Conflicts of Interest Declared?**
  - 2.1 The Council's Chief Executive is also a director of East Kent Housing Limited having been appointed to that role by the Council.
3. **Supporting Information** *(as applicable)*
  - 3.1 None.