

# KENT COUNTY COUNCIL - RECORD OF DECISION

## DECISION TAKEN BY

Paul Carter, Leader of the Council and Cabinet Member for Business Strategy, Audit and Transformation.

## DECISION NO.

15/00054

For publication

With except appendices – under paragraph 3 of schedule 12a of the Local Government Act 1972

## Subject:

**Formal approval of Investment Advisory Board to the Expansion East Kent Fund**

## Company Background:

The Company requested funding from Expansion East Kent to build a new high quality, fit for purpose nursing home facility in the Folkestone area. The owners demonstrated experience and expertise in offering high quality health care provision for the elderly. The company own two other care facilities within Kent, both of which have a good reputation and high levels of occupancy. Care Homes are regulated by the Care Quality Commission (CQC). The results of these inspections revealed the high standard of health care provision provided by the company. There is currently minimal provision of the type of care facility for the elderly within Shepway and therefore the proposal illustrated added value and additionality with the creation of up to 177 new jobs. The company identified an opportunity to expand into East Kent and provide a quality care service into an area which has very few providers.

Due to the current economic climate and the nature of the project i.e. the development and build of a new care home, bank finance is only available on a strict 60% basis. This has resulted in a funding gap and without the Expansion East Kent intervention the project will not go ahead. The overall project costs are £6.5m and the proposal for funding from Expansion East Kent is for a loan of £1,942,000. The remaining funding will be provided from the company funds and bank finance.

## Decision Making Process

The company's application to the Expansion East Kent fund and supporting documentation has been subject to an independent appraisal from PwC. The PwC Appraisal Report (see - appendix 2) was considered by the Investment Advisory Board (IAB) on 23<sup>rd</sup> June 2014.

The PwC appraisal report provides information on issues associated with the proposal and allocates a rating (RAG) to the issue. The Risk Identification and action table (see appendix 3) provides full details of issues identified and actions taken to resolve or mitigate issues.

In order to protect the investment and mitigate risks on the non payment of the loan after considering the PwC report and the presentation made by the company the ExEK Investment Advisory Board has recommended that the proposal be fully funded following the key decision process, but with the following conditions:

- Negotiation to take place with KCC and the Bank regarding repayment.
- 2nd charge to be placed on the company's existing properties. *+ new property*
- Repayment period reduced to 5 years to comply with State Aid *re.*

The negotiations undertaken with the company, the bank and legal representatives in order to fulfil the conditions set out above have been lengthy. All the legal documentation has now been finalised to the satisfaction of all parties. KCC are in the position to release funds subject to

the Leader's approval to implement the recommendation of the Investment Advisory Board.

The loan and grant is considered to meet the criteria for approval and as such will support sustainable job creation, primarily in Dover, but also in other parts of East Kent.

**Decision:**

As Leader and Cabinet Member for Business Strategy, Audit and Transformation, I agree to implement the recommendation of the Investment Advisory Board for the Expansion East Kent fund and approve the loan of £1,942,000 to the company set out in the exempt report, subject to the completion of negotiations to provide security on the loan in the form of a 2<sup>nd</sup> charge on the company's existing property and rescheduled repayments over a 5 year period.

**Reason(s) for decision:**

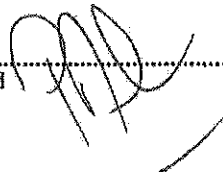
In order that the recommendations of the Investment Advisory Board can be implemented and the objectives of the loan realised.

**Cabinet Committee recommendations and other consultation:**

This decision is taken in accordance with statutory and local procedures in the Local Authorities (Executive Arrangements), (Meetings and Access to Information) Regulations 2012 and the Councils Constitution.

**Any alternatives considered:**

**Any interest declared when the decision was taken and any dispensation granted by the Proper Officer: - None**

signed 

22 / 06 / 2015  
Date

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Decision Referred to Cabinet Scrutiny				Cabinet Scrutiny Decision to Refer Back for Reconsideration				Reconsideration Record Sheet Issued				Reconsideration of Decision Published			
YES		NO		YES		NO		YES		NO					