

Written response to: Business & Transformation Scrutiny Panel

Resolution: Members of the Panel requested information as to how the over spend on the Chancerygate contract would be dealt with

Written response from: Financial Services Manager

Response: The over spend reported in the 1st quarter budget monitoring report (RD18/18) of £101,213 relates to one-off development costs and ongoing asset management costs. However, this over spend is to be funded from amounts previously set aside.

Firstly, development costs will be funded from capital receipts generated from Kingstown Industrial Estate and set aside as part of the outturn report approved at Council in July (RD04/18). An Officer Decision Notice is being prepared to release this funding.

At the inception of the agreement with Chancerygate it was acknowledged that there would be an initial period where the costs for asset management for the contract would outweigh the income generated from rent reviews. In recognition of this, amounts were set aside in the Carry Forward Reserve in 2016/17 that can be utilised to bridge any gap in the costs of the contract and the anticipated additional income generated in the short- term. Again an Officer Decision Notice is being prepared and will be in place for quarter 3 to fund these costs from these amounts set aside so that variances are not shown.

Date: 19 November 2018