



SCARBOROUGH BOROUGH COUNCIL

Mr James Corrigan

Our Ref: NE/NH/SFR

30 October 2020

Via email to:-

mrjamescorrigan@gmail.com

Dear Mr Corrigan

Re: Queries re Scarborough Borough Council Draft Statement of Accounts 2019 - 2020

Thank you for your recent letter. Many of your queries do not fall under the remit of Section 26 of the Local Accountability Act 2014 however for openness and transparency I have, on this occasion, provided a full response to your queries.

You requested the following information and I have replied to each point in turn:

Request

1. Thank you for your letter dated 19 October 2020 in reply to my request to exercise rights under Section 26 of the Local Audit and Accountability Act 2014.
- 2.
- 3.
- 4.
- 5.

Continued ...



6. Your reply to my Question 3 confirmed that the only receipt from Benchmark Leisure Limited during the year ended 31 March 2020 was £861,996 on 9 April 2019. In your reply to question 6 you have provided a copy of the Bank Statement entry showing the receipt of this amount from Endeavour Partnership LLP. You have also explained that this amount relates to Section 106 obligations, an outstanding rental invoice payment, proportion of car parking income, improvement sums due, purchase of land for the hotel development and a bond which had become payable. Please provide the breakdown of the receipt of £861,996 between the various components that it relates to as set out in your reply to question 6.

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9. With regard to the reply to question 7 you have indicated that the rent invoices dated 25 June 2019, 25 September 2019 and 25 December 2019 remain outstanding as at the date of your letter (19 October 2020). Is the rent invoice raised on 25 March 2020 also outstanding? If not, please explain when it was paid? If it is outstanding does this make the arrears of rent £440,000, not £330,000 as disclosed in note 39 of the statement of accounts?
10. Were further rent invoices raised on 25 June 2020 and 25 September 2020? Please confirm if these have been paid or remain outstanding?
11. Your reply to question 8 states that no bad debt provision is required in relation to the loan to Benchmark Leisure Limited due to the terms of the agreement. Please explain the specific terms of the agreement that allow you to come to this conclusion. The evidence provided indicates that the Council has not received any repayment in relation to the loan since the payment received on 9 April 2019 (more than 18 months!) which does suggest that a provision is required.

Response

- 1.
- 2.
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6. Total payment received was £861,996.00, this payment was allocated as follows:

- £580,000 – payment of bond, the receipt reduced the outstanding balance on the loan account.
- £40,000 – Section 106 payment.
- £850 – Section 106 monitoring fee.
- £132,000 – payment of invoice relating to quarterly rental.
- £30,414 – payment of invoice relating to car parking income share.
- £29,732 – payment of invoices relating to improvement sums due.
- £49,000 – land drawn down payment received in accordance with the Development Agreement.

7. a)

b)

Continued ...

c)

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8. a)

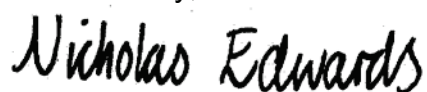
b)

c)





9. The invoice dated March 2020 remains outstanding. This does not make the arrears outstanding as at 31-Mar-20 £440k as this payment relates to April, May and June 2020 and is therefore not classed as overdue at year end.
10. Yes further invoices have been raised and, as at the date of this letter, remain outstanding.
11. In line with the Council's accounting policies and the terms of the agreement no provision is deemed appropriate as at the 2019/20 Balance Sheet date. The Council has a £1m parent company bond in place which can be drawn down should payments that are due under the agreement not be made and has full security of the freehold of the Waterpark until the loan is repaid in full.

Given your interest in this subject you may find the minutes and committee papers from previous Cabinet and Full Council meetings interesting. These are all available on the Council's website and may aid your understanding further of this agreement.

Yours sincerely,



Nick Edwards
Director

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