



**Corporate Resources**  
Executive Director **Robert McIlwain**  
**Administration Services**

## Memo

<b>To:</b>	Linda Hardie Executive Director Finance and IT Resources	<b>Our ref:</b>	DW/JM
<b>cc:</b>		<b>Your ref:</b>	
<b>From:</b>	Douglas Wilson Head of Administration Services	<b>If calling ask for:</b>	Douglas Wilson
		<b>Phone:</b>	01698 454461
		<b>Date:</b>	16 November 2009

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**Subject: Financial Resources Scrutiny Forum Query – Brandongate Rent and Service Charges**

Thank you for your memo of 10 November 2009 requesting information on the above overspend within Office Accommodation as reported to the Financial Resources Scrutiny Forum on 5 November 2009. In response to your specific questions regarding the overspend relating to the premises at Brandongate, I would comment as follows:

- The rent at Brandongate had been subject to a reduction for the past 4 years, negotiated on the basis that it was a long term lease. The underspend was used to fund shortfalls in other areas of the office accommodation budget. This reduction terminated on 1 April 2009 when the rent reverted to the original amount causing an overspend.
- In terms of the lease for the premises at Brandongate, the rent was subject to review at 1 April 2009. This is still under negotiation and indications are that this will result in a further increase in the rent. The budget will be reviewed after the rent increase has been determined. In the meantime, the overspend will be contained within the Resource.
- Service charges cover general repairs & maintenance, landscaping, refuse removal, security, electricity, management fee etc. These are calculated on an annual basis, 1 January to 31 December, but we pay a quarterly sum 'on account' then receive a final account or 'balancing payment' after the property agents have squared off their accounts for the year. Over the past few years the 'on account' payments have remained the same whilst the year end charge has increased substantially. This year the property agents have reviewed the 'on account' payments and the increased costs are now accumulating throughout the year. This overspend will be contained within the Resource and the overall budget will be reviewed for 2010/11.

I trust this is helpful but please let me know if you need any further details.

Floor 2, Council Offices, Almada Street, Hamilton ML3 0AA Phone: 01698 454519461 Fax: 01698 454407  
Text Phone: 01698 454039 Email: [douglas.wilson@southlanarkshire.gsx.gov.uk](mailto:douglas.wilson@southlanarkshire.gsx.gov.uk)



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