

## Verbal Presentation on the KLIC report

I'm not going to go through the KLIC Cross Party Working Group's report line by line as I'm sure everyone's read it thoroughly. It's been commended as being comprehensive so there's not much more to say.

I'm confident that all concerned will agree with me in saying that the Council must move forward from the mistakes that were made during what was an innovative project involving a third party to deliver a significant asset. A line must be drawn.

Indeed, the report doesn't focus wholly on the negative aspects of the project as there were potentially very significant, positive outcomes, unfortunately clouded over by shortcomings during the project delivery and ongoing.

The Council has come out of this project with a significant asset, producing a net income stream of £150,000 p.a. and the creation of that asset is hopefully providing a kick start to the development of the Nar Ouse Enterprise Zone, which in turn will further promote new businesses to set up in the area.

What we mustn't lose sight of is the lack of financial control and due diligence on this project and we must not become complacent in those areas just because we ended up with an asset. *[Request that statement to be minuted]* This was by no means guaranteed as described in detail in the report and could just as easily have gone the other way, i.e. a scenario where the Council ended up with a large loan outstanding, on which no repayments were being made, and without an asset therefore no net rental income was receivable.

The minutes of the Audit Committee to which the report was presented are also included in your report. Those minutes were slightly amended at the subsequent Audit Committee, most notably the expected loan repayment date being 5 May 2024, indicative that there was a detailed repayment schedule not just a nebulous date that might be indicated from merely stating a year.

Unfortunately it's noted from the previous report considered today that the first expected loan repayment of £58,850 has not been forthcoming, and the only repayment to the loan so far is the offset of the management fee that ordinarily the Council would be paying to NWES. The implication of this is significant to say the least. The management contract is currently subject to review and I'm not privy to what might be being negotiated but should that payment profile continue the loan would not be repaid until 2049.

On that note I commend the CPWG's report to you.