

# Fourth Quarter Budget Monitoring 2019/20

Economic Regeneration & Leisure Committee

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# Contents

**Executive Summary** **Page 2**

**Part A: Fourth Quarter Revenue Budget 2019/20**

**A1) Revenue Budget: Economic Regeneration & Leisure** **Page 4**

**A2) Revenue Budget: Significant Variances (>£30,000)** **Page 5**

**Part B: Fourth Quarter Capital Budget 2019/20**

**B1) Capital Budget: Economic Regeneration & Leisure** **Page 6**

# Executive Summary

This report provides Members with an overview of progress against the 2019/20 revenue and capital budgets as at 31st March 2020 (i.e. the provisional outturn position) for the services falling within the remit of the Economic Regeneration & Leisure (ERL). The analysis gives consideration given to the Council's overall position.

This report is backward looking and the figures presented therefore do not reflect the significant impact on the Council's finances arising from the Covid-19 pandemic. This is being monitored closely and will be reflected in future budget monitoring reports to this committee

The headlines for Quarter 4 are as follows:

## **Part A: Fourth Quarter Revenue Budget 2019/20**

- Overall net expenditure for the services reporting to ERL is £1.520m, compared to the approved revised budget of £1.889m, representing an underspend of £370,000.

## **Part B: Fourth Quarter Capital Budget 2019/20**

- Capital expenditure for the services reporting to ERL of £335,000 has been incurred against the approved revised budget of £460,000. This means there is slippage of £124,000, and this will be carried forward into 2020/21.

# Part A

# Fourth Quarter Revenue Budget 2019/20



## A1) Revenue Budget: Economic Regeneration & Leisure (ERL)

A1.1 Table 1 below provides a detailed summary on the budgeted net income position for ERL services at the end of Quarter 4. The financial figures are presented on an 'accruals' basis (e.g. expenditure for goods and services received, but not yet paid for, is included).

**Table 1: SPI Revenue Budget: NET EXPENDITURE**

(a)	(b)	(c)	(d)
Cost Centre	Revised Budget for Year £000	Actual £000	Variance £000
Cultural Development Arts	15	15	1
Museum	-6	-24	18
Carriage Museum	3	3	1
Museum-Grant Funded Activities	11	11	-0
Museum Cafe	1	3	-2
Hazlitt Arts Centre	277	280	-3
Festivals and Events	-26	-35	9
Lettable Halls	-4	-11	7
Community Halls	78	47	31
Leisure Centre	-148	-149	1
Mote Park Adventure Zone	-107	350	-457
Cobtree Golf Course	-35	-35	0
Mote Park Cafe	-56	-55	-1
Cobtree Manor Park Visitor Centre	0	1	-1
Tourism	31	32	-1
Museum Shop	-19	-14	-5
Maintenance of Closed Churchyards	3	1	2
Sandling Road Site	23	-16	39
Business Support & Enterprise	23	23	0
Town Centre Management Sponsorship	7	7	0
Business Terrace	74	87	-13
Business Terrace Expansion (Phase 3)	29	0	28
Market	-50	1	-51
Economic Dev - Promotion & Marketing	105	107	-2
Leisure Services Section	76	67	9
Cultural Services Section	615	599	15
Visitor Economy Section	131	129	2
Economic Development Section	306	268	38
Market Section	90	99	-9
Head of Regeneration and Economic Development	100	98	2
Salary Slippage	-26	0	-26
<b>Total</b>	<b>1,520</b>	<b>1,889</b>	<b>-370</b>

A1.2 The table shows that at the end of the year, overall net expenditure for the services reporting to ERL is £1.520m, compared to the approved revised budget of £1.889m, representing a net shortfall of £370,000.

## A2) ERL Revenue Budget: Significant Variances (>£30,000)

A2.1 Within the headline figures, there are a number of both adverse and favourable net expenditure variances for individual cost centres. It is important that the implications of variances are considered at an early stage, so that contingency plans can be put in place and, if necessary, be used to inform future financial planning.

A2.2 Table 2 below highlights and provides further detail on the most significant variances i.e. those meeting or exceeding £30,000, either at the end of Quarter 3, or expected to do so by year-end.

**Table 2: SPI Variances >£30,000 (@ Quarter 4)**

	<b>Positive Variance Q4</b>	<b>Adverse Variance Q4</b>
<b>Community Halls</b> - a range of small underspends have been recorded on controlled running costs, including utilities, and repairs and maintenance.	+31	
<b>Mote Park Adventure Zone</b> – this variance arises primarily from the substantial costs (£403k) incurred as a result of the sewer collapse on the site during the construction phase. This has been referenced in previous reports to the Committee, and it was explained that the potential for legal action to recover the costs was being investigated. However, after thorough consideration, it has been concluded that the prospects of successful recovery were too low to make it worthwhile to pursue legal action. Accordingly, the cost been written off against the committee’s budget this year. The balance of the overspend arises because income from the Adventure Zone was below budget levels.		-457
<b>Sandling Road Site</b> – this variance arises from insurance costs chargeable to the KCC/MBC partnership which had not hitherto been budgeted.	+39	
<b>Market</b> – the variance represents the combined impact of the Tuesday and Saturday markets not achieving the income target (£30k) and an overspend on refuse collection (£17k).		-51
<b>Economic Development Section</b> – the variance predominantly relates to salary underspends on two posts that were vacant for part of the year.	+38	

## B1) Capital Budget: Economic Regeneration & Leisure (ERL)

B1.1 The final outturn position of the 2019/20 ERL element of the Capital Programme at the Quarter 4 stage is presented in Table 3 below. The budget for 2019/20 includes resources brought forward from 2018/19.

**Table 4: ERL Capital Programme 2019/20 (@ Quarter 4)**

Capital Programme Heading	Adjusted Estimate 2019/20 £000	Actual to March 2020 £000	Budget Remaining £000
<b>Economic Regeneration &amp; Leisure</b>			
Mote Park Centre & Estate Services Building	156	103	53
Mote Park Lake - Dam Works	267	194	73
Museum Development Plan	36	38	-2
<b>Total</b>	<b>460</b>	<b>335</b>	<b>124</b>

B1.2 Both the Mote Park schemes are being progressed with a view to more substantial works being undertaken during 2020/21. The contract for the dam works has now been let, but the Centre & Estate Services Building contract has not reached that stage yet.