

Second Quarter Financial Update 2021/22

Contents

Part A: Executive Summary & Overview Page 2

Part B: Revenue Budget Q2 2021/22

B1) Revenue Budget Page 5

Part C: Capital Budget Q2 2021/22

C1) Capital Budget Page 9

Part A

Executive Summary & Overview



This report provides members with the financial position as at 30 September 2021, covering activity for both the Council as a whole and this committee's revenue and capital accounts for the second quarter of 2021/22.

Members will be aware of the significant uncertainty in the 2021/22 budget estimates arising from the ongoing impact of the Covid-19 pandemic, both in relation to demands on the Council to respond and the speed of local economic recovery. Financial support from central government received during 2020/21 continues to support specific activities, and the unringfenced Covid-19 grant of £860,000 will be used to support recovery and renewal activities.

In addition, the Council will shortly be applying for the final round of funding under the government's sales, fees and charges compensation scheme covering income losses between April – June 2021 measured against the 2020/21 income budget. This is expected to be the final allocation of unringfenced Covid-19 funding from central government.

The headlines for Quarter 2 are as follows:

Part B: Revenue budget – Q2 2021/22

- Overall net expenditure at the end of Quarter 2 for the services reporting to this committee is £0.638m, compared to the approved profiled budget of £0.646m, representing an underspend of £0.008m.

Part C: Capital budget – Q2 2021/22

- Capital expenditure at the end of Quarter 2 was £1.744m against a total budget of £4.453m. Forecast spend for the year is £2.917m.

Part B

Second Quarter Revenue Budget 2021/22



B2) Revenue Budget

B1.1 The table below provides a detailed summary on the budgeted net income position for ERL services at the end of Quarter 2. The financial figures are presented on an accruals basis (e.g. expenditure for goods and services received, but not yet paid for, is included).

ERL Revenue Budget & Outturn – Quarter 2

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 September 2021 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Cultural Development Arts	12	6	4	2	12	0
Museum	19	-4	-29	26	-6	26
Carriage Museum	4	1	2	-1	4	0
Museum-Grant Funded Activities	0	-3	-29	26	0	0
Hazlitt Arts Centre	292	155	134	21	292	0
Festivals and Events	-25	-24	-24	0	-25	0
Lettable Halls	-4	-2	-6	4	-4	0
Community Halls	63	34	23	12	63	0
Leisure Centre	-176	-88	14	-102	-74	-102
Mote Park Adventure Zone	-72	-36	-88	53	-124	53
Cobtree Golf Course	-35	0	0	0	-35	0
Mote Park Cafe	-33	-16	-30	14	-33	0
Tourism	18	9	-7	16	18	0
Museum Shop	-21	-11	1	-11	-21	0
Maintenance of Closed Churchyards	11	6	0	6	11	0
Sandling Road Site	26	13	13	0	26	0
Town Centre Management Sponsorship	11	11	11	-0	11	0
Business Terrace	82	72	76	-4	82	0
Business Terrace Expansion (Phase 3)	-11	-5	33	-39	48	-59
Market	-41	-7	45	-52	14	-55
Economic Dev - Promotion & Marketing	13	12	4	8	13	0
Leisure Services Section	56	50	46	4	56	0
Cultural Services Section	412	206	206	0	412	0
Visitor Economy Section	117	59	57	1	117	0
Economic Development Section	223	129	106	23	223	0
Market Section	87	43	33	11	87	0
Head of Regeneration and Economic Development	103	52	44	8	103	0
Salary Slippage	-34	-17	0	-17	-34	0
Total	1,099	646	638	8	1,236	-138

B1.2 The table shows that at the end of the second quarter overall net expenditure for the services reporting to ERL is £0.638m, compared to the approved profiled budget of £0.646m, representing an underspend of £0.008m.

B1.3 The table indicates that in certain areas, significant variances to the budgeted income levels have emerged during the second quarter of the year. The reasons for the more significant variances are explored in section B2 below.

B2) Variances

B2.1 The most significant variances for this Committee are as follows:

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Economic Regeneration & Leisure Committee	£000		
Leisure Centre – As part of the management contract with Serco the council receives annual income of £0.2m. This has been on hold whilst negotiations with Serco over losses incurred during the pandemic have been taking place, but these payments are expected to resume shortly.		-102	-102
Mote Park Adventure Zone – This variance is a provision that was raised in 2020/21 for the management fee which has been delayed due to Covid-19 issues.	53		53
Business Terrace Phase 3 – A number of offices remain vacant, and the Council also now has empty rates liability on some of these.		-38	-58
Market – Letting income for stalls and the hall have been lower than forecast for the first two quarters, but income is expected to recover to normal levels for the remainder of the year.		-52	-55

Part C

Second Quarter Capital Budget 2021/22



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

B1.1 The position of the 2021/22 ERL element of the Capital Programme at the Quarter 2 stage is presented in Table 3 below. The budget for 2021/22 includes resources brought forward from 2020/21.

ERL Capital Programme 2021/22 (@ Quarter 2)

Capital Programme Heading	Adjusted Estimate 2021/22 £000	Actual to September 2021 £000	Budget Remaining £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2022/23 £000
Economic Regeneration & Leisure							
Mote Park Visitor Centre & Estate Services Building	2,776	396	2,380	500	500	1,396	1,380
Mote Park Lake - Dam Works	672	87	584	100	50	237	434
Mall Bus Station Redevelopment	1,006	1,261	-255	23		1,284	-278
Total	4,453	1,744	2,710	623	550	2,917	1,537

B1.2 Comments on the variances in the table above are as follows:

Mote Park Visitor Centre & Estate Services Building – Construction works are now underway, and the new centre will open in 2022.

Mote Park Lake Dam Works – This scheme is now substantially complete, although some works to a sluice gate are yet to be completed. The figures in the appendix for these works are indicative pending an update on the actual costs of these works.

Mall Bus Station Redevelopment – Tender prices for the project came back higher than had been budgeted for. Rather than try and find a cost engineering solution that may have resulted in a reduced specification it was decided to use £0.3m additional funding from the Business Rates Pilot Projects Reserve to allow the project to proceed as planned.