

Third Quarter Financial Update 2021/22

Economic Regeneration & Leisure Committee

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Part A

Executive Summary & Overview



This report provides members with the financial position as at 31 December 2021, covering activity for both the Council as a whole and this committee's revenue and capital accounts for the first three quarters 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.

The headlines for Quarter 3 are as follows:

Part B: Revenue budget – Q3 2021/22

- Overall net expenditure at the end of Quarter 3 for the services reporting to this committee is £1.158m, compared to the approved profiled budget of £1.147m, representing an underspend of £0.011m.

Part C: Capital budget – Q3 2021/22

- Capital expenditure at the end of Quarter 3 was £2.068m against a total budget of £2.910m. Forecast spend for the year is £2.729m.

The budgets in this report are the revised estimates for 2021/22.

Part B

Third 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 3. 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 3

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 31 December 2021 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Cultural Development Arts	10	7	8	-0	10	0
Museum	20	1	-38	38	-26	46
Carriage Museum	4	2	3	-1	4	0
Museum-Grant Funded Activities	0	-0	-19	19	0	0
Hazlitt Arts Centre	292	224	205	19	292	0
Festivals and Events	-20	-19	-10	-10	-20	0
Lettable Halls	-3	-3	-9	6	-3	0
Community Halls	59	46	24	22	59	0
Leisure Centre	-176	-132	20	-152	24	-200
Mote Park Adventure Zone	-72	-54	-110	56	-72	0
Cobtree Golf Course	-35	0	0	0	-35	0
Mote Park Cafe	-36	-27	-40	13	-36	0
Tourism	19	15	8	6	19	0
Museum Shop	-21	-16	0	-16	-21	0
Maintenance of Closed Churchyards	2	1	0	1	2	0
Sandling Road Site	24	18	18	0	24	0
Innovation Centre	-14	76	20	56	-14	0
Town Centre Management Sponsorship	11	11	11	-0	11	0
Business Terrace	82	91	94	-4	82	0
Business Terrace Expansion (Phase 3)	-10	-8	31	-39	29	-40
Market	-38	-24	37	-61	27	-65
Economic Dev - Promotion & Marketing	37	37	36	1	37	0
Leisure Services Section	56	75	70	5	56	0
Cultural Services Section	413	310	305	5	413	0
Visitor Economy Section	118	89	87	2	118	0
Economic Development Section	232	192	169	23	232	0
Market Section	86	65	52	13	86	0
Head of Regeneration and Economic Development	93	71	67	4	93	0
Innovation Centre Section	201	126	117	10	201	0
Salary Slippage	-34	-25	0	-25	0	-34
Total	1,300	1,147	1,158	-11	1,592	-292

B1.2 The table shows that at the end of the third quarter overall net expenditure for the services reporting to ERL is £1.158m, compared to the approved profiled budget of £1.147m, representing an underspend of £0.011m.

B1.3 The table indicates that in certain areas, significant variances to the budgeted income levels have emerged during the third 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 Q3	Adverse Variance Q3	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 at this stage we are not expecting to receive any of these payments.		-150	-200
Mote Park Adventure Zone - The variance is a provision that was raised in 2020/21 for the management fee the payment of which has been delayed due to Covid-19 issues.	57		0
Innovation Centre – this is a profiling issue with the budget for the new building which will be corrected. There is not expected to be any significant variance at the end of the year.	56		0
Market – Income continues to be down on the budget. A small growth bid and a forecast increase in demand is expected to correct the position for 2022/23.		-61	-65

Part C

Third 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 3 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 3)

	Revised Estimate 2021/22 £000	Actual to December 2021 £000	Budget Remaining £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2022/23 £000
Mote Park Visitor Centre	1,233	622	611	611	1,233	
Mote Park Lake - Dam Works	622	88	534	50	138	484
Mall Bus Station Redevelopment	1,056	1,358	-302		1,358	-302
Total	2,910	2,068	843	661	2,729	182

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

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.