

Third Quarter Budget Monitoring 2019/20

Economic Regeneration & Leisure Committee
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Executive Summary

This report provides Members with an overview of progress against the 2019/20 revenue and capital budgets as at 31st December 2019 (i.e. the Quarter 3 cumulative position) for the services falling within the remit of the Economic Regeneration and Leisure Committee (ERL). The analysis also includes both revenue and capital year-end projections (to 31st March 2020) for ERL services, as well as some important context, with consideration given to the Council's overall position.

The headlines for Quarter 3 are as follows:

Part A: Third Quarter Revenue Budget 2019/20

- Overall net expenditure for the services reporting to ERL is £1.019 million, compared to the profiled budget of £1.094 million, representing an under spend of £75,000. ERL is also expected to remain within its overall net revenue expenditure budget for the year, recording a small under spend of £4,000 against its *revised* budget of £1.312 million.
- Overall net expenditure for the Council is £12.10 million, compared to the profiled budget of £12.211 million, representing an under spend of £0.111 million. The Council is also expected to remain within its overall net revenue expenditure budget of £20.561 million for the year.

Part B: Third Quarter Capital Budget 2019/20

- Capital expenditure for the services reporting to ERL of £532,000 has been incurred against the *revised* annual budget of £460,000. At this stage, it is anticipated that there will be slippage of £2,000.
- Capital expenditure for the Council overall of £28.754 million has been incurred against an annual *revised* budget of £42.647 million.

Part A

Third Quarter Revenue Budget 2019/20

A1) Revenue Budget: Council

A1.1 At the Quarter 3 stage, overall net expenditure for the Council is £12.10 million, compared to a profiled budget of £12.211 million, representing an under spend of £0.111 million. Based on forward projections, the Council is expected to remain within its overall net revenue expenditure budget of £20.561 million for the year.

A1.2 The two charts below show the income and expenditure position for each service committee.

Chart 1: MBC Revenue Budget: INCOME BY SERVICE COMMITTEE

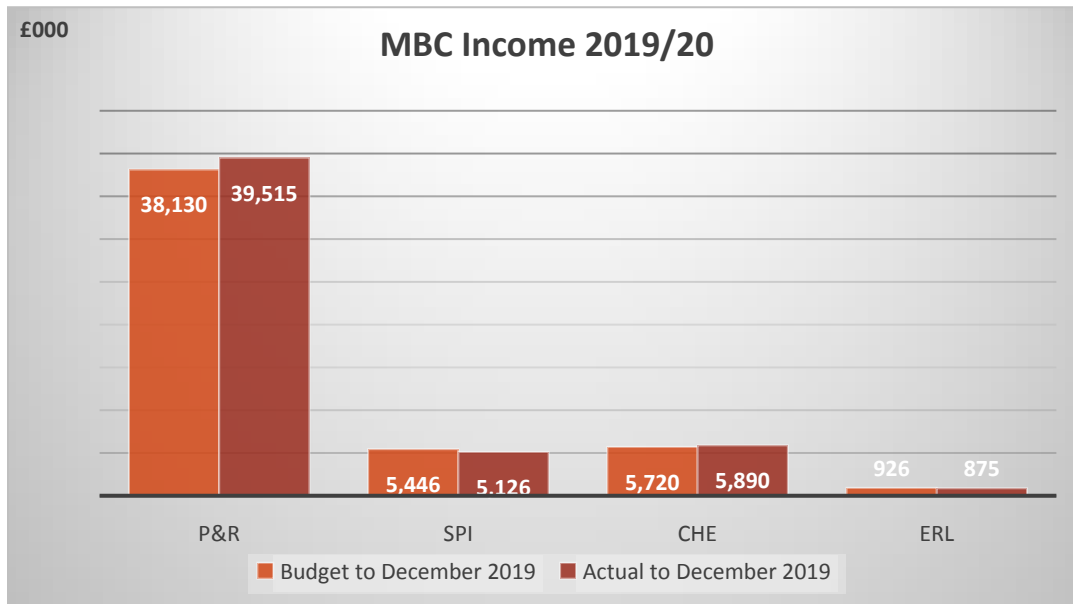
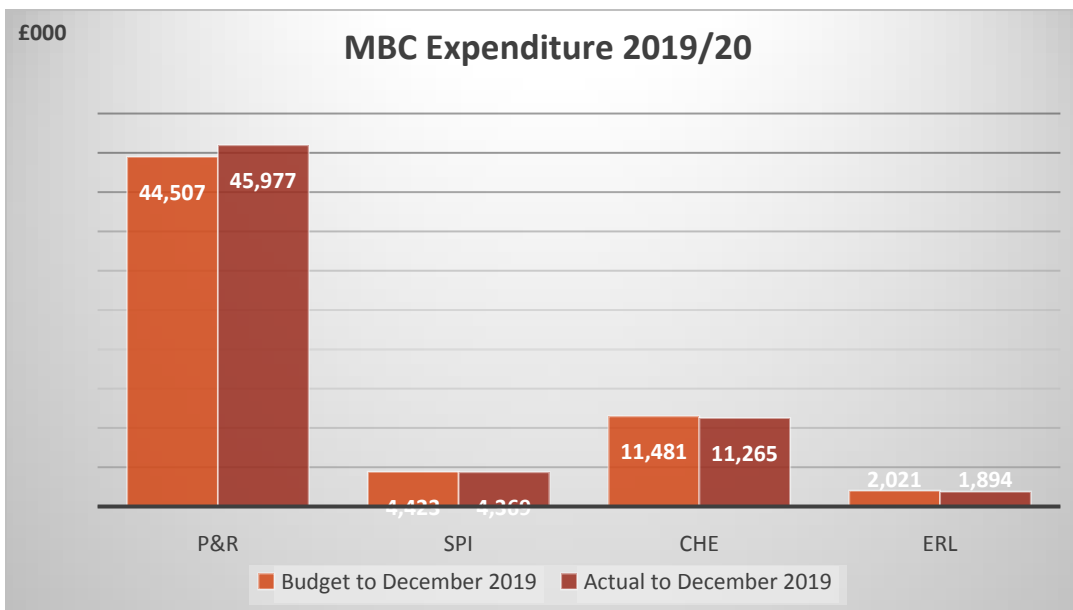


Chart 2: MBC Revenue Budget: EXPENDITURE BY SERVICE COMMITTEE



A2) Revenue Budget: Economic Regeneration & Leisure (ERL)

A2.1 Table 1 below provides a detailed summary on the net expenditure position against the *revised* budgets 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).

Table 1: ERL Revenue Budget: NET EXPENDITURE

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Revised Budget for Year £000	Budget to 31 December 2019 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Cultural Development Arts	15	11	7	4	15	0
Museum	13	8	-20	28	-5	18
Carriage Museum	3	2	2	0	3	0
Museum-Grant Funded Activities	2	1	-22	23	2	0
Museum Cafe	-4	-4	1	-5	-4	0
Hazlitt Arts Centre	277	213	210	3	277	0
Festivals and Events	-26	-24	-35	11	-26	0
Lettable Halls	-4	-3	-8	6	-4	0
Community Halls	73	56	31	25	43	30
Leisure Centre	-148	-136	-148	12	-148	0
Mote Park Adventure Zone	-107	-80	-23	-56	-54	-53
Cobtree Golf Course	-35	0	0	0	-35	0
Mote Park Cafe	-52	-32	-53	21	-72	20
Tourism	31	25	19	6	31	0
Museum Shop	-19	-14	-11	-4	-19	0
Maintenance of Closed Churchyards	3	2	0	2	3	0
Sandling Road Site	23	17	17	-0	23	0
Business Support & Enterprise	18	18	18	0	18	0
Town Centre Management Sponsorship	7	7	7	0	7	0
Business Terrace	74	84	88	-4	74	0
Business Terrace Expansion (Phase 3)	29	21	15	7	29	0
Market	-56	-38	-2	-36	-13	-43
Economic Dev - Promotion & Marketing	103	103	99	4	103	0
Leisure Services Section	64	78	53	25	39	25
Cultural Services Section	507	377	386	-9	507	0
Visitor Economy Section	113	85	84	1	113	0
Economic Development Section	271	214	178	37	238	33
Market Section	77	58	65	-7	77	0
Head of Economic and Commercial Development	86	66	62	3	86	0
Salary Slippage 4ERL	-26	-20	0	-20	-0	-26
	1,312	1,094	1,019	75	1,308	4

A2.2 The table shows that, at the Quarter 3 stage, overall net expenditure for the services reporting to ERL is £1.019 million, compared to the profiled budget of £1.094 million, representing an under spend of £75,000. Based on forward projections, ERL is expected to remain within its overall net revenue expenditure budget for the year, recording a small under spend of £4,000 against its *revised* budget of £1.312 million.

A3) ERL Revenue Budget: Significant Variances (>£30,000)

A3.1 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.

A3.2 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: ERL Variances >£30,000 (@ Quarter 3)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Economic Regeneration & Leisure Committee	£000s		
Community Halls – a range of small underspends have been recorded on controlled running costs, including utilities, and repairs and maintenance.	+25		+30
Mote Park Adventure Zone - the facility is now open. However, the contract awarded allows for an initial rent free period for the first three months and the final contract value was less than forecast.		-56	-53
Market - the variance represents the combined impact of the Tuesday and Saturday markets not achieving the income target (£24K) and an overspend on refuse collection (£14k)		-36	-43
Economic Development Section - the variance predominantly relates to salary savings due to two vacant posts.	+37		+34

Part B

Third Quarter Capital Budget 2019/20



B1) Capital Budget: Council

B1.1 The overall five-year Capital Programme for 2019/20 to 2023/24 was approved by the Council on 27th February 2019. Some capital funding will now come from prudential borrowing as other sources of funding are not sufficient to cover the costs of the Programme, although funding does continue to be available from the New Homes Bonus (NHB). Total borrowing at the Quarter 3 stage is £7.0 million.

B1.2 The *revised* 2019/20 element of the Capital Programme has a total budget of £42.647 million. At the Quarter 3 stage, capital expenditure of £28.754 million has been incurred.

B2) Capital Budget: Economic Regeneration & Leisure Committee (ERL)

B2.1 Progress towards the delivery of the 2019/20 ERL element of the Capital Programme at the Quarter 3 stage is presented in Table 3 below. The budget for 2019/20 includes resources brought forward from 2018/19.

B2.2 At the Quarter 3 stage, expenditure of £532,000 has been incurred against a *revised* budget of £460,000. At this stage, it is anticipated that there will be slippage of £2,000.

Table 3: ERL Capital Programme 2019/20 (@ Quarter 3)

Capital Programme Heading	Adjusted Estimate 2019/20 £000	Actual to December 2019 £000	Budget Remaining £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2020/21 £000
Economic Regeneration & Leisure						
Commercial Projects - Mote Park Adventure Zone		380	-380		380	
Mote Park Centre & Estate Services Building	156	50	106	106	156	-0
Mote Park Lake - Dam Works	267	63	204	204	267	-0
Museum Development Plan	36	38	-1		38	-1
Total	460	532	-72	310	842	-2

B2.3 As part of the established financial management process, the MBC Capital Programme is reviewed and re-profiled at the Quarter 3 stage, with some budgets transferred into the following financial year (2020/21 in this case), where capital expenditure is expected to be incurred later than originally forecast. It should be noted that the Committee will be asked to approve/note the carry forward of resources into the next financial year at year end.

B2.4 The most significant re-profiling adjustment to note is:

- *Mote Park & Estates Services Building* – The budgets have now been combined as the construction of this facility will be let as a single contract. At this stage, the timing of the building works has not been determined; the forecast assumes they will not begin until April 2020. The combined budget for the overall scheme was originally £2.496 million; £2.340 million of this has been rolled forward into 2020/21.

B2.5 In addition, with regard to Mote Park Adventure Zone, as previously reported to ERL, there was an over spend relating to the additional costs incurred as a result of the sewage leak in the Park that significantly delayed project completion. At the time of reporting, the additional costs are still the subject of an ongoing legal claim, so the over spend continues to be temporarily funded until the outcome of the claim is known.