

Fourth Quarter Financial Update 2020/21

Economic Regeneration & Leisure Committee

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Lead Officer: Mark Green

Report Authors: Ellie Dunnet/Paul Holland

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Part A

Executive Summary & Overview



This report provides members with the provisional outturn for 2020/21 for this committee's revenue and capital accounts for the fourth quarter of 2020/21.

Members will be aware that since the budget was agreed in February 2020, the position for 2020/21 and future years has changed significantly as a result of the Covid-19 pandemic. Specific impacts include:

- Redirection of existing resources to support vulnerable people
- Administering government support schemes, notably business rate reliefs and grants
- Increased activity in some council services
- Temporary closure of some Council facilities
- Reduction in levels of activity in some other Council services
- Income generating activities severely impacted by overall contraction in economic activity
- Change in working patterns, with almost all office-based staff now working from home
- Reduced levels of Council Tax and Business Rates collection.

As reported throughout the financial year, it was anticipated that this would result in adverse budget variances for many service areas for 2020/21, particularly in relation to income. However, progressively more generous government support and active mitigation of the losses have resulted in an overall underspend of £1.2m for the 2020/21 financial year. This is essentially an over-correction for the very significant losses that the Council has incurred. The underspend is one-off in nature and does not give a true reflection of the underlying budget position.

The overall position for the Council as reported to government on our monthly financial monitoring returns is summarised in table 1 below, along with funding that we have received from central government during the year. Councils have been asked to complete these returns to enable a comprehensive picture of the financial impact of Covid-19 on local authorities to be compiled by the Ministry of Housing, Communities and Local Government.

	£000
<i>Additional Spending</i>	1,668
Income Reductions:	
Business Rates (MBC share)	895
Council Tax (MBC share)	591
Other Income	4,699
Total	7,853
<i>Offset by</i>	
Unringfenced government grants	2,525
Sales, fees and charges compensation (estimated)	2,321
Tax Income Guarantee compensation (estimated)	52
New Burdens funding	567
Service specific grants	743
	6,208

Table 1, Covid-19 financial impact and government funding

It should be noted that the projections detailed within table 1 do not correspond to the in-year budget outturn. This arises for the following reasons:

- Due to the statutory accounting arrangements for council tax and business rates, these losses do not impact the general fund balance until next year.
- The variances above reflect an estimate of the financial impact of Covid-19, and do not take into account other factors which may impact on the budget outturn such as underspends that have the effect of mitigating Covid-19 related losses.

Given the all-encompassing impact of Covid-19 across many of the Council's services, mitigation for losses will be treated as a corporate exercise, and we will therefore not attempt to apportion all unringfenced support received across service committees.

In addition to the unringfenced grants totalling £2.5m, the council has received funding which can be clearly matched to additional expenditure, or outgoing grants. These funding streams have been used during the year to offset increased costs incurred in responding to the Covid-19 pandemic. Any unspent funding at 31 March which is ringfenced for specific activities will be carried forward into the current financial year and will be used to fund further activities which support the intended purpose of the grant.

The budget figures shown for revenue and capital are the revised estimate for 2020/21.

The headlines for Quarter 4 are as follows:

Part B: Revenue budget – Q4 2020/21

- Overall net expenditure at the end of Q4 for the services reporting to ERL is £2.772m, compared to the approved budget of £1.235m, representing an overspend of £1.537m.
- We are due to receive funding to mitigate the impact of losses from fees and charges income. Current estimates are that this funding will be in the region of £2.3m for the council as a whole for the financial year.

Part C: Capital budget – Q4 2020/21

- Expenditure of £1.153m has been incurred against an adjusted budget of £1.461m million for this committee. This is an underspend of £0.308m.

Part B

Fourth Quarter Revenue Budget 2020/21



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 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).

CHE Revenue Budget & Outturn – Quarter 4

(a)	(b)	(c)	(d)
Cost Centre	Approved Budget for Year £000	Actual £000	Variance £000
Cultural Development Arts	11	11	-0
Museum	13	38	-25
Carriage Museum	4	4	-1
Museum-Grant Funded Activities	7	7	0
Hazlitt Arts Centre	283	293	-10
Festivals and Events	-31	-4	-26
Lettable Halls	-11	-12	1
Community Halls	82	67	16
Leisure Centre	-181	1,021	-1,201
Mote Park Adventure Zone	-108	51	-159
Cobtree Golf Course	-35	-28	-7
Mote Park Cafe	-56	12	-68
Tourism	27	20	7
Museum Shop	-19	-1	-18
Maintenance of Closed Churchyards	3	3	-0
Sandling Road Site	25	0	25
Business Support & Enterprise	19	19	0
Town Centre Management Sponsorship	7	7	-0
Business Terrace	81	101	-21
Business Terrace Expansion (Phase 3)	-14	21	-35
Market	-41	74	-115
Economic Dev - Promotion & Marketing	-117	-117	0
Leisure Services Section	65	65	-1
Cultural Services Section	600	554	46
Visitor Economy Section	130	126	4
Economic Development Section	312	258	54
Market Section	94	83	11
Head of Regeneration and Economic Development	111	97	14
Salary Slippage	-28	0	-28
Totals	1,235	2,772	-1,537

Table 2, Budget & Outturn – Economic Regeneration & Leisure Committee Total

B1.2 The table shows that overall net expenditure at the end of Quarter 4 for the services reporting to ERL is £2.772m, compared to the approved budget of £1.235m, representing an overspend of £1.537m.

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

B2) Variances

B2.1 Across the budget as a whole the impact of Covid-19 and lockdown can be seen most significantly in those areas where income is a significant element of the budget. For this committee the lengthy closures of various leisure facilities and the market has severely impacted income and led to some significant adverse variances.

The budget shown is now the revised estimate for 2020/21.

	Positive Variance Q4	Adverse Variance Q4
Economic Regeneration & Leisure Committee	£000	
Leisure Centre - The leisure centre was closed for a substantial part of the year. Serco Leisure are taking advantage of their contractual position to recover their losses from MBC, less £5,000 payable by the Leisure Trust. This is partially offset by a contribution from the National Leisure Recovery Fund. In addition, Serco have not paid the annual £0.200m contribution due under the contract.		-1,201
Mote Park Adventure Zone – The contractor (Serco) has been granted contract relief owing to closure of the facility due to Covid-19.		-159
Mote Park Café – The contract expired in March 2020, and the temporary replacement facility was not established until later in the year.		-68
Market – Income was reduced due to Covid-19 impacting on lettings of both stalls and the Market Hall.		-115

Table 3, Significant variances – Economic Regeneration & Leisure Committee

Part C

Fourth Quarter Capital Budget 2020/21



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

B1.1 The position of the 2020/21 ERL element of the Capital Programme at the Quarter 4 stage is presented in Table 4 below. The budget for 2020/21 includes resources brought forward from 2019/20. The budget shown is the revised estimate for 2020/21.

Table 4: ERL Capital Programme 2020/21 (@ Quarter 4)

Capital Programme Heading	Adjusted Estimate 2020/21 £000	Actual to March 2021 £000	Budget Remaining £000
Economic Regeneration & Leisure			
Mote Park Visitor Centre & Estate Services Building	20	17	3
Mote Park Lake - Dam Works	1,041	1,051	-10
Mall Bus Station Redevelopment	400	84	316
Total	1,461	1,153	308

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

Mall Bus Station Project – the works are now taking place, and the majority of the expenditure will be incurred during 2021/22. The unused budget from 2020/21 will be carried forward to fund this.