

# First Quarter Financial Update 2022/23

Economic Regeneration & Leisure – Policy Advisory Committee

4<sup>th</sup> October 2022

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# Part A

## Executive Summary & Overview



This report provides members with the financial position as at 30<sup>th</sup> June 2022, covering activity for the Economic Regeneration & Leisure Policy Advisory Committee's (ERL PAC) revenue and capital accounts for the first quarter of 2022/23.

In 2021/22, income recovered more strongly than expected from the pandemic and the Council generated a modest surplus compared with budget. For 2022/23, there is no more direct government funding to cover the costs of Covid, but the Council has been able to set a balanced budget. Additional provision of £1.3 million was made within the 2022/23 budget for the expected impact of higher inflation on the Council's input costs. The projected peak level of inflation has continued to increase since the budget was set and this is likely to have an impact in particular on contract and energy costs, so the requirement for this provision will be monitored carefully to assess whether it will be adequate. If at any stage it appears that an overspend is likely, measures will need to be taken in-year to bring the budget back into balance.

The headlines for Quarter 4 are as follows:

#### Part B: Revenue budget – Q1 2022/23

- Overall net expenditure at the end of Quarter 1 for the services reporting to this committee is -£0.506m, compared to the approved profiled budget of -£0.518m, representing an overspend of £0.012m.

#### Part C: Capital budget – Q1 2022/23

- Capital expenditure at the end of Quarter 1 was £0.698m against a total budget of £2.556m.

# Part B

# First Quarter Revenue Budget 2022/23

## B2) Revenue Budget

B1.1 The table below provides a detailed summary on the budgeted net income position for ERL PAC services at the end of Quarter 1. The financial figures are presented on an accruals basis (e.g., expenditure for goods and services received, but not yet paid for, is included). An analysis by the relevant Lead Members for this Committee is also shown.

### ERL Revenue Budget & Outturn – Quarter 1

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2022 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Cultural Development Arts	69	4	3	1	69	0
Museum	29	-20	-27	7	29	0
Carriage Museum	4	1	1	-1	4	0
Museum-Grant Funded Activities	0	2	-20	22	0	0
Hazlitt Arts Centre	299	87	81	6	299	0
Leisure Centre	-178	-45	-41	-4	-178	0
Mote Park Adventure Zone	-72	-18	-20	2	-72	0
Cobtree Golf Course	-35	0	0	0	-35	0
Mote Park Cafe	-32	-8	5	-13	-32	0
Parks & Open Spaces Leisure Activities	-2	-0	-3	2	-2	0
Mote Park Leisure Activities	-19	-16	-13	-3	-19	0
Tourism	19	5	-4	8	19	0
Museum Shop	-21	-5	-0	-5	-21	0
Climate change	24	6	13	-7	24	0
Innovation Centre	-176	-44	53	-97	44	-220
Lockmeadow	167	42	68	-27	317	-150
Lockmeadow Complex	-1380	-871	-1002	131	-1380	0
Business Terrace	84	27	28	-1	84	0
Business Terrace Expansion (Phase 3)	-9	-2	5	-8	-9	0
Market	-24	20	29	-9	-24	0
Economic Dev - Promotion & Marketing	13	11	11	1	13	0
Leisure Services Section	58	27	25	1	58	0
Cultural Services Section	424	106	102	4	424	0
Economic Development Section	220	60	54	6	220	0
Market Section	90	22	20	2	90	0
Head of Regeneration and Economic Development	99	25	23	2	99	0
Innovation Centre Section	197	49	85	-36	197	0
Biodiversity & Climate Change	98	25	16	9	98	0
Salary Slippage	-27	-7	0	-7	-27	0
<b>Total</b>	<b>-81</b>	<b>-518</b>	<b>-506</b>	<b>-12</b>	<b>288</b>	<b>-370</b>

## ERL Revenue Budget &amp; Outturn – Quarter 1 (By Lead Member)

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2022 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Climate change	24	6	13	-7	24	0
Innovation Centre	-176	-44	53	-97	44	-220
Business Terrace	84	27	28	-1	84	0
Business Terrace Expansion (Phase 3)	-9	-2	5	-8	-9	0
Economic Dev - Promotion & Marketing	13	11	11	1	13	0
Economic Development Section	220	60	54	6	220	0
Head of Regeneration and Economic Development	99	25	23	2	99	0
Innovation Centre Section	197	49	85	-36	197	0
Biodiversity & Climate Change	98	25	16	9	98	0
<b>Sub-Total: Lead Member - Leader of the Council</b>	<b>550</b>	<b>157</b>	<b>288</b>	<b>-131</b>	<b>770</b>	<b>-220</b>
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2022 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Cultural Development Arts	69	4	3	1	69	0
Museum	29	-20	-27	7	29	0
Carriage Museum	4	1	1	-1	4	0
Museum-Grant Funded Activities	0	2	-20	22	0	0
Hazlitt Arts Centre	299	87	81	6	299	0
Leisure Centre	-178	-45	-41	-4	-178	0
Mote Park Adventure Zone	-72	-18	-20	2	-72	0
Cobtree Golf Course	-35	0	0	0	-35	0
Mote Park Cafe	-32	-8	5	-13	-32	0
Parks & Open Spaces Leisure Activities	-2	-0	-3	2	-2	0
Mote Park Leisure Activities	-19	-16	-13	-3	-19	0
Tourism	19	5	-4	8	19	0
Museum Shop	-21	-5	-0	-5	-21	0
Lockmeadow	167	42	68	-27	317	-150
Lockmeadow Complex	-1,380	-871	-1,002	131	-1,380	0
Market	-24	20	29	-9	-24	0
Leisure Services Section	58	27	25	1	58	0
Cultural Services Section	424	106	102	4	424	0
Market Section	90	22	20	2	90	0
Salary Slippage	-27	-7	0	-7	-27	0
<b>Sub-Total: Lead Member - Leisure &amp; Arts</b>	<b>-631</b>	<b>-675</b>	<b>-794</b>	<b>119</b>	<b>-481</b>	<b>-150</b>
<b>Total</b>	<b>-81</b>	<b>-518</b>	<b>-506</b>	<b>-12</b>	<b>288</b>	<b>-370</b>

B1.2 The table shows that at the end of the first quarter overall net expenditure for the services reporting to ERL PAC is -£0.506m, compared to the approved profiled budget of -£0.518m, representing an overspend of £0.012m.

B1.3 The table indicates that in certain areas, significant variances to the budgeted income levels have emerged during the first 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 Q1	Adverse Variance Q1	Year End Forecast Variance
<b>Economic Regeneration &amp; Leisure Committee</b>	£000		
<b>Innovation Centre</b> – When the budget for the centre was established no allowance was made for empty business rates as it had been assumed that funding from retained business rates from the other businesses on the site would cover these costs. At this stage it is not clear if there is sufficient funding available, but officers will continue to review the position and see if further funding can be identified.		-97	-220
<b>Lockmeadow</b> – At present the Council are paying the service charges for the food hall tenants. Due to increased utility costs the charges are now higher than had originally been anticipated.		-26	-150



# Part C

# First Quarter Capital Budget 2022/23

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

B1.1 The position of the 2022/23 ERL element of the Capital Programme at the Quarter 1 stage is presented in Table 3 below. The budget for 2022/23 includes resources brought forward from 2021/22.

### ERL Capital Programme 2022/23 (@ Quarter 1)

Capital Programme Heading	Adjusted	Actual to June 2022 £000	Budget Remaining £000	Q2 Profile £000	Q3 Profile £000	Q4 Profile £000	Projected	Projected Slippage to 2023/24 £000
	Estimate 2022/23 £000						Total Expenditure £000	
<b>Economic Regeneration &amp; Leisure</b>								
Mote Park Visitor Centre	1,307	694	613	500	263		1,457	-150
Mote Park Lake - Dam Works	486	4	482	50	50	40	144	342
Museum Development Plan	389		389	50	50	100	200	189
Leisure Provision	100		100	20	40	40	100	
Cobtree Golf Course New Clubhouse	4		4			4	4	0
Tennis Courts Upgrade	20		20	20			20	
Riverside Walk Works	250		250					250
<b>Total</b>	<b>2,556</b>	<b>698</b>	<b>1,859</b>	<b>640</b>	<b>403</b>	<b>184</b>	<b>1,925</b>	<b>632</b>

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

Mote Park Visitor Centre – There have been some unanticipated costs that mean the project will cost around £150,000 more than initially budgeted for. Funding has been identified for this overspend.

Mote Park Lake Dam Works – This project is substantially complete with the only costs remaining being the retention payment due next year of £13,000.

Riverside Walk Works – Proposals are still being developed and there will be no spend this year.