

Second Quarter Financial Update 2022/23

Economic Regeneration & Leisure – Policy Advisory Committee

8th November 2022

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Part A

Executive Summary & Overview



This report provides members with the financial position as at 30th September 2022, covering activity for the Economic Regeneration & Leisure Policy Advisory Committee's (ERL PAC) revenue and capital accounts for the second 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 2 are as follows:

Part B: Revenue budget – Q2 2022/23

- Overall net expenditure at the end of Quarter 2 for the services reporting to this committee is -£0.272m, compared to the approved profiled budget of -£0.258m, representing an underspend of £0.014m.

Part C: Capital budget – Q2 2022/23

- Capital expenditure at the end of Quarter 2 was £1.256m against a total budget of £2.556m.

Part B

Second 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 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). An analysis by the relevant Lead Members for this Committee is also shown.

ERL Revenue Budget & Outturn – Quarter 2

(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 2023 £000	Forecast Variance 31 March 2023 £000
Climate change	31	15	3	12	31	0
Innovation Centre	-176	43	145	-102	-87	-89
Business Terrace	93	78	72	6	93	0
Business Terrace Expansion (Phase 3)	-6	23	58	-35	54	-60
Economic Dev - Promotion & Marketing	37	36	37	-1	37	0
Economic Development Section	220	118	102	16	220	0
Head of Regeneration and Economic Development	90	88	87	1	90	0
Innovation Centre Section	197	129	157	-28	197	0
Head of Spatial Planning and Economic Development	0	0	0	0	0	0
Biodiversity & Climate Change	92	47	37	10	92	0
Sub-Total: Lead Member - Leader of the Council	576	576	697	-121	725	-149

(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 2023 £000	Forecast Variance 31 March 2023 £000
Cultural Development Arts	69	53	43	10	69	0
Museum	29	-12	-31	18	29	0
Carriage Museum	4	1	2	-1	4	0
Museum-Grant Funded Activities	0	-10	-21	11	0	0
Hazlitt Arts Centre	299	158	157	2	299	0
Leisure Centre	-178	-89	-85	-4	-178	0
Mote Park Adventure Zone	-72	-36	-31	-5	-72	0
Cobtree Golf Course	-35	0	0	-0	-35	0
Mote Park Cafe	-32	-16	-11	-5	-32	0
Parks & Open Spaces Leisure Activities	-2	-1	-4	3	-2	0
Mote Park Leisure Activities	-19	-17	-13	-4	-19	0
Tourism	19	9	6	3	19	0
Museum Shop	-21	-11	-2	-9	-21	0
Lockmeadow	167	84	48	36	167	0
Lockmeadow Complex	-1,380	-1,232	-1,326	94	-1,380	0

ERL Revenue Budget & Outturn – Quarter 2 (By Lead Member)

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 September 2022 £000	Actual £000	Variance £000	Forecast 31 March 2023 £000	Forecast Variance 31 March 2023 £000
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Economic Development Section	220	118	102	16	220	0
Head of Regeneration and Economic Development	90	88	87	1	90	0
Innovation Centre Section	197	129	157	-28	197	0
Head of Spatial Planning and Economic Development	0	0	0	0	0	0
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Carriage Museum	4	1	2	-1	4	0
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Hazlitt Arts Centre	299	158	157	2	299	0
Leisure Centre	-178	-89	-85	-4	-178	0
Mote Park Adventure Zone	-72	-36	-31	-5	-72	0
Cobtree Golf Course	-35	0	0	-0	-35	0
Mote Park Cafe	-32	-16	-11	-5	-32	0
Parks & Open Spaces Leisure Activities	-2	-1	-4	3	-2	0
Mote Park Leisure Activities	-19	-17	-13	-4	-19	0
Tourism	19	9	6	3	19	0
Museum Shop	-21	-11	-2	-9	-21	0
Lockmeadow	167	84	48	36	167	0
Lockmeadow Complex	-1,380	-1,232	-1,326	94	-1,380	0
Market	-24	9	30	-21	11	-35
Leisure Services Section	58	52	50	2	58	0
Cultural Services Section	383	191	180	11	383	0
Market Section	90	45	39	6	90	0
Salary Slippage	-27	-13	0	-13	-27	0
Sub- Total: Lead Member - Leisure & Arts	-673	-834	-969	135	-638	-35
Total	-97	-258	-272	14	87	-184

B1.2 The table shows that at the end of the second quarter overall net expenditure for the services reporting to ERL PAC is -£0.272m, compared to the approved profiled budget of -£0.258m, representing an underspend of £0.014m.

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		
Innovation Centre – As reported in quarter 1 there is an overspend on business rates for empty offices. There have also been additional maintenance costs incurred which were not anticipated when the building was opened. No allowance has yet been made for Non Domestic Rates paid in advance from October 2022 to March 2023. Once this has been adjusted this will show a breakeven financial position.		-102	-89
Lockmeadow Complex – At present running costs are underspent, but the expectation is that there will be additional costs for the remainder of the year, particularly for utilities and repairs and maintenance.	94		0
Business Terrace Expansion (Phase 3) – Not all the units are occupied, and it is anticipated that this will continue to be the case for the remainder of the year.		-34	-60
Market – Income for lettings for all streams are down against the budget.		-20	-35

Part C

Second 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 2 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 2)

Capital Programme Heading	Adjusted Estimate 2022/23 £000	Actual to September 2022 £000	Budget Remaining £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2023/24 £000
Economic Regeneration & Leisure							
Mote Park Visitor Centre	1,307	1,217	90	240		1,457	-150
Mote Park Lake - Dam Works	486	68	417	245	3	316	169
Museum Development Plan	389		389	61	250	311	78
Leisure Provision	100		100	10	10	20	80
Cobtree Golf Course New Clubhouse	4		4		4	4	0
Tennis Courts Upgrade	20		20		20	20	
Riverside Walk Works	250		250				250
Total	2,556	1,286	1,271	556	287	2,129	428

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 – The project slippage figure includes a contribution for the boat house and lakeside kiosk works of £50,000.

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