

Third Quarter Financial Update 2022/23

Economic Regeneration & Leisure – Policy Advisory Committee

7th February 2023

Lead Officer: Mark Green

Report Author: Paul Holland

Contents

Part A: Executive Summary & Overview Page 2

Part B: Revenue Budget Q3 2022/23

B1) Revenue Budget Page 5

Part C: Capital Budget Q3 2022/23

C1) Capital Budget Page 9

Part A

Executive Summary & Overview



This report provides members with the financial position as at 31st December 2022, covering activity for the Economic Regeneration & Leisure Policy Advisory Committee's (ERL PAC) revenue and capital accounts for the third 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 3 are as follows:

Part B: Revenue budget – Q3 2022/23

- Overall net expenditure at the end of Quarter 3 for the services reporting to this committee is -£0.264m, compared to the approved profiled budget of -£0.235m, representing an underspend of £0.029m.

Part C: Capital budget – Q3 2022/23

- Capital expenditure at the end of Quarter 3 was £1.634m against a total budget of £1.963m.

Part B

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

ERL Revenue Budget & Outturn – Quarter 3

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 31 December 2022 £000	Actual £000	Variance £000	Forecast 31 March 2023 £000	Forecast Variance 31 March 2023 £000
Cultural Development Arts	69	60	46	14	69	0
Museum	24	-10	-24	14	24	0
Carriage Museum	4	2	3	-1	4	0
Museum-Grant Funded Activities	0	-20	-35	14	0	0
Hazlitt Arts Centre	298	228	219	9	298	0
Leisure Centre	-180	-135	-113	-22	-180	0
Mote Park Adventure Zone	-68	-51	-49	-2	-68	0
Cobtree Golf Course	-35	0	0	-0	-35	0
Mote Park Cafe	-32	-24	-24	-1	-32	0
Parks & Open Spaces Leisure Activities	-2	-1	-4	3	-2	0
Mote Park Leisure Activities	-19	-18	-13	-5	-19	0
Tourism	11	8	7	1	11	0
Museum Shop	-21	-16	-5	-11	-21	0
Climate change	31	23	3	20	31	0
Innovation Centre	-186	38	121	-83	-82	-104
Lockmeadow	231	226	136	90	231	0
Lockmeadow Complex	-1,456	-1,644	-1,736	92	-1,446	-10
Business Support & Enterprise	15	15	15	0	15	0
Business Terrace	92	99	95	3	92	0
Business Terrace Expansion (Phase 3)	-6	22	69	-47	54	-60
Market	-24	-6	33	-39	26	-50
Economic Dev - Promotion & Marketing	67	47	68	-21	67	0
Leisure Services Section	58	77	75	2	55	3
Cultural Services Section	382	287	269	17	359	23
Economic Development Section	203	163	157	6	194	9
Market Section	88	66	58	8	78	10
Head of Regeneration and Economic Development	89	89	86	3	85	3
Innovation Centre Section	197	193	219	-26	232	-35
Biodiversity & Climate Change	92	70	61	9	80	12
Salary Slippage 4ERL	-27	-20	0	-20	0	-27
Totals	-107	-235	-264	29	118	-225

ERL Revenue Budget & Outturn – Quarter 3 (By Lead Member)

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 31 December 2022 £000	Actual £000	Variance £000	Forecast 31 March 2023 £000	Forecast Variance 31 March 2023 £000
Climate change	31	23	3	20	31	0
Innovation Centre	-186	38	121	-83	-82	-104
Business Support & Enterprise	15	15	15	0	15	0
Business Terrace	92	99	95	3	92	0
Business Terrace Expansion (Phase 3)	-6	22	69	-47	54	-60
Economic Dev - Promotion & Marketing	67	47	68	-21	67	0
Economic Development Section	203	163	157	6	194	9
Head of Regeneration and Economic Development	89	89	86	3	85	3
Innovation Centre Section	197	193	219	-26	232	-35
Biodiversity & Climate Change	92	70	61	9	80	12
Sub-Total: Lead Member - Leader of the Council	594	758	893	-135	768	-175
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 31 December 2022 £000	Actual £000	Variance £000	Forecast 31 March 2023 £000	Forecast Variance 31 March 2023 £000
Cultural Development Arts	69	60	46	14	69	0
Museum	24	-10	-24	14	24	0
Carriage Museum	4	2	3	-1	4	0
Museum-Grant Funded Activities	0	-20	-35	14	0	0
Hazlitt Arts Centre	298	228	219	9	298	0
Leisure Centre	-180	-135	-113	-22	-180	0
Mote Park Adventure Zone	-68	-51	-49	-2	-68	0
Cobtree Golf Course	-35	0	0	-0	-35	0
Mote Park Cafe	-32	-24	-24	-1	-32	0
Parks & Open Spaces Leisure Activities	-2	-1	-4	3	-2	0
Mote Park Leisure Activities	-19	-18	-13	-5	-19	0
Tourism	11	8	7	1	11	0
Museum Shop	-21	-16	-5	-11	-21	0
Lockmeadow	231	226	136	90	231	0
Lockmeadow Complex	-1,456	-1,644	-1,736	92	-1,446	-10
Market	-24	-6	33	-39	26	-50
Leisure Services Section	58	77	75	2	55	3
Cultural Services Section	382	287	269	17	359	23
Market Section	88	66	58	8	78	10
Salary Slippage 4ERL	-27	-20	0	-20	0	-27
Sub-Total: Lead Member - Leisure & Arts	-700	-993	-1,158	164	-650	-51
Total	-107	-235	-264	29	118	-225

B1.2 The table shows that at the end of the third quarter overall net expenditure for the services reporting to ERL PAC is -£0.264m, compared to the approved profiled budget of -£0.235m, representing an underspend of £0.029m.

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		
Innovation Centre – As reported previously 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.		-82	-104
Lockmeadow Complex – This variance reflects an increase in rental income from the units at the complex. However, further energy costs are anticipated before the end of the financial year.	92		-10
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.		-47	-60
Market – Income for lettings for all streams are down against the budget.		-38	-50

Part C

Third 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 3 stage is presented in Table 3 below. The budget includes resources brought forward from 2021/22 and is the revised estimate for 2022/23.

ERL Capital Programme 2022/23 (@ Quarter 3)

Capital Programme Heading	Revised Estimate 2022/23 £000	Actual to December 2022 £000	Budget Remaining £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2023/24 £000
Economic Regeneration & Leisure						
Mote Park Visitor Centre	1,307	1,337	-30	270	1,607	-300
Mote Park Lake - Dam Works	486	307	179	60	367	119
Leisure Provision	100		100			100
Tennis Courts Upgrade	20		20			20
Mote Park Kiosk Refurbishment & Extension	50		50	50	50	
Total	1,963	1,643	320	380	2,023	-60

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 £300,000 more than initially budgeted for. Funding has been identified for this overspend.