

Second 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 30th September 2019 (i.e. the Quarter 2 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 2 are as follows:

Part A: Second Quarter Revenue Budget 2019/20

- Overall net expenditure for the services reporting to ERL is £1.262 million, compared to the profiled budget of £1.311 million, representing an under spend of £49,000. ERL is also expected to remain within its overall net revenue expenditure budget for the year, recording a small under spend of £5,000 against its budget of £2.175 million.
- Overall net expenditure for the Council overall is £6.813 million, compared to the profiled budget of £7.553 million, representing an under spend of £0.74 million. The Council is also expected to remain within its overall net revenue expenditure budget of £21.138 million for the year.

Part B: Second Quarter Capital Budget 2019/20

- Capital expenditure for the services reporting to ERL of £420,000 has been incurred against the annual budget of £2.775 million. At this stage, it is anticipated that there will be slippage of £2.29 million.
- Capital expenditure for the Council overall of £4.608 million has been incurred against the annual budget of £51.754 million.

Part A

Second Quarter Revenue Budget 2019/20



A1) Revenue Budget: Council

A1.1 At the Quarter 2 stage, overall net expenditure for the Council is £6.813 million, compared to the profiled budget of £7.553 million, representing an under spend of £0.74 million. Based on forward projections, the Council is expected to remain within its overall net revenue expenditure budget of £21.138 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

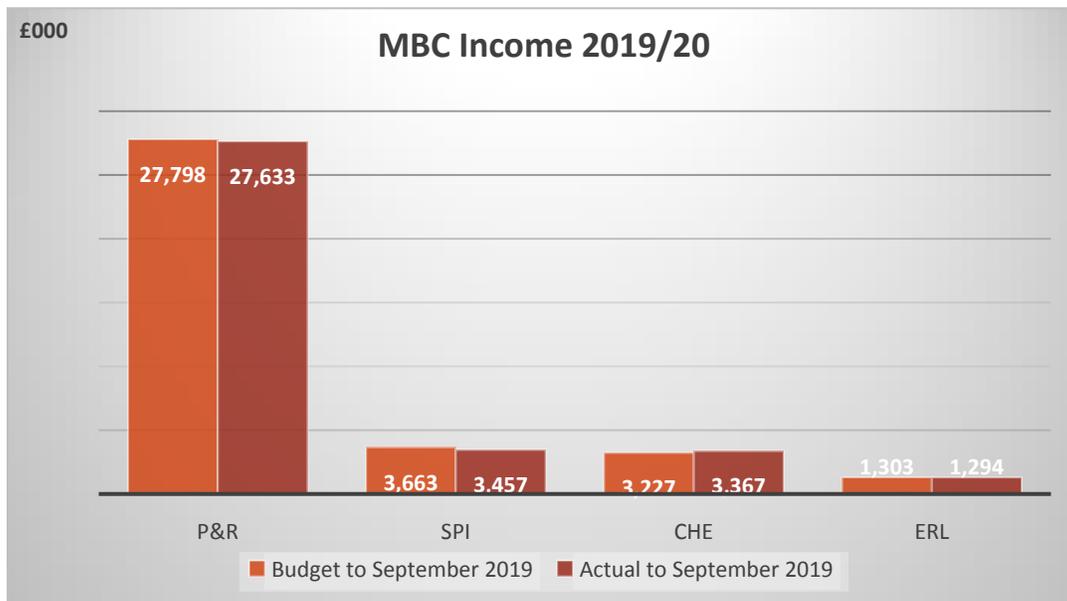
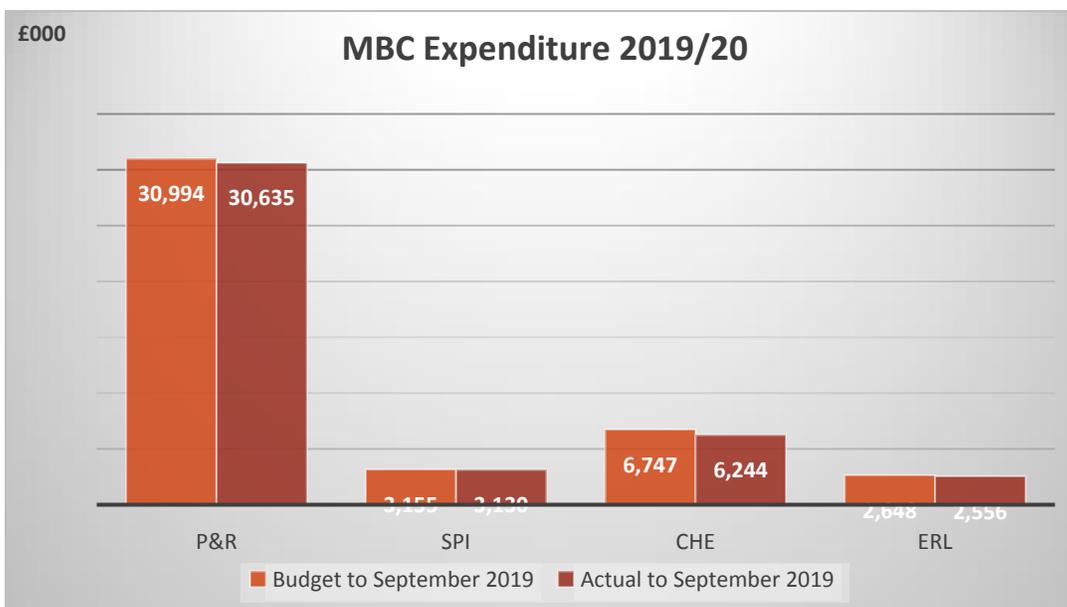


Chart 2: MBC Revenue Budget: EXPENDITURE BY SERVICE COMMITTEE



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

A2.1 Table 1 below provides a detailed summary on the budgeted net expenditure position for ERL 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).

Table 1: ERL Revenue Budget: NET EXPENDITURE

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Budget for Year £000	Budget to 30 June 2019 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Cultural Development Arts	17	9	5	4	17	0
Museum	14	9	-20	29	-3	17
Carriage Museum	4	1	1	0	4	0
Museum-Grant Funded Activities	2	1	-21	22	2	0
Museum Cafe	-3	-3	2	-5	-3	0
Hazlitt Arts Centre	279	149	144	5	279	0
Festivals and Events	-26	-23	-41	18	-26	0
Lettable Halls	-3	-2	-6	4	-3	0
Community Halls	76	41	37	4	76	0
Leisure Centre	-147	-90	-103	13	-147	0
Mote Park Adventure Zone	-113	-56	-28	-28	-58	-55
Cobtree Golf Course	-35	-18	0	-18	-35	0
Parks & Open Spaces	962	470	505	-35	1,022	-60
Playground Maintenance & Improvements	144	70	59	12	129	15
Parks Pavilions	25	12	19	-7	25	0
Mote Park	253	129	134	-4	253	0
Mote Park Cafe	-50	-17	-32	15	-50	0
Parks & Open Spaces Leisure Activities	-6	-3	-1	-2	-6	0
Mote Park Leisure Activities	-38	-19	-16	-3	-38	0
Allotments	12	7	5	2	12	0
Tourism	29	15	2	14	29	0
Museum Shop	-19	-10	-7	-3	-19	0
Leisure Services Other Activities	10	9	10	-1	10	0
Cemetery	48	48	37	10	38	10
National Assistance Act	-0	-0	-1	1	-0	0
Crematorium	-808	-263	-203	-60	-829	21
Maintenance of Closed Churchyards	6	3	0	3	6	0
Community Environmental Engagement	101	51	19	31	70	31
Sandling Road Site	17	9	9	0	17	0
Business Support & Enterprise	3	3	3	-0	3	0
Town Centre Management Sponsorship	7	7	7	0	7	0
Business Terrace	75	68	72	-5	75	0
Business Terrace Expansion (Phase 3)	27	14	13	1	27	0
Market	-59	-16	5	-21	-59	0
Economic Dev - Promotion & Marketing	67	40	26	13	67	0
Leisure Services Section	84	54	34	20	64	20
Cultural Services Section	507	255	254	1	507	0
Visitor Economy Section	113	57	55	2	113	0
Bereavement Services Section	205	103	95	7	199	6
Economic Development Section	287	147	106	40	233	54
Market Section	79	39	43	-3	79	0
Head of Economic and Commercial Development	80	40	41	-1	80	0
Salary Slippage	-54	-27	0	-27	0	-54
	2,175	1,311	1,262	49	2,170	5

A2.2 The table shows that, at the Quarter 2 stage, overall net expenditure for the services reporting to ERL is £1.262 million, compared to the profiled budget of £1.311 million, representing an under spend of £49,000. 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 £5,000 against its budget of £2.175 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 2, or expected to do so by year-end.

Table 2: ERL Variances >£30,000 (@ Quarter 2)

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Economic Regeneration & Leisure Committee	£000s		
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.		-28	-55
Parks and Open Spaces - residual undelivered savings of £63,000 in respect of a previous re-structure is the most significant factor in the overspend.		-35	-61
Crematorium – higher than budgeted maintenance costs, partly driven by un-accrued (maintenance) expenditure from 2018/19 (of £18,000) is the reason for the budget pressure at the Quarter 2 stage, although the budget is expected to be met by year end.		-60	+21
Community Environmental Engagement – the variance is caused by a timing difference; the appointment of a temporary Community Engagement Officer (as part of a Business Rates Retention funded initiative) was later than assumed within the budget provision.	+31		+31
Economic Development Section - the variance predominantly relates to salary savings due to two vacant posts.	+40		+54
Salary Slippage – There is a credit budget to allow for the fact that services usually underspend on salaries, owing to temporary vacancies arising from staff turnover. This is currently an adverse variance from the salary slippage budget, but the actual service underspends (such as that for Economic Development above) will be offset against the salary slippage budget at year end and are expected to eliminate the adverse variance.		-27	-54

Part B

Second 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. Most 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). At the time of preparing this report there has been no need to borrow, but it is anticipated that borrowing will be needed during the latter half of 2019/20.

B1.2 The 2019/20 element of the Capital Programme has a total budget of £51.754 million. At the Quarter 2 stage, capital expenditure of £4.608 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 2 stage is presented in Table 3 below. The budget for 2019/20 includes resources brought forward from 2018/19.

B2.2 At the Quarter 2 stage, expenditure of £420,000 has been incurred against a budget of £2.775 million. At this stage, it is anticipated that there will be slippage of £2.29 million (the Committee will be asked to approve/note the carry forward of resources into the next financial year).

Table 3: ERL Capital Programme 2019/20 (@ Quarter 2)

Capital Programme Heading	Estimate 2019/20 £000	Actual to		Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2020/21 £000	Budget Not Required £000
		September 2019 £000	Budget Remaining £000					
Economic Regeneration & Leisure								
Commercial Projects - Mote Park Adventure Zone		378	-378			378		
Mote Park Centre & Estate Services Building	2,496	17	2,479	75	100	192	2,304	
Mote Park Lake - Dam Works	267	1	267	167	100	268	-0	
Museum Development Plan	11	25	-13			25	-13	
Total	2,775	420	2,354	242	200	862	2,290	

B2.3 There are two significant items to highlight in the table above:

- *Mote Park Adventure Zone* – the over spend relates to the additional costs incurred as a result of the sewage leak in the Park that significantly delayed project completion. The costs are the subject of an ongoing legal claim, so the overspend is being temporarily funded until the outcome of the claim is known; and

- *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.