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REPORT TO:	ETWALL LEISURE CENTRE JOINT MANAGEMENT COMMITTEE	AGENDA ITEM: 5
DATE OF MEETING:	18th JANUARY 2010	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	
SUBJECT:	UPDATED FINANCIAL POSITION INCOME & EXPENDITURE 2009/10 and 2010/11	REF: u/ks/etwalljmc/budget report 10
WARD(S) AFFECTED:	ETWALL, HATTON, HILTON, NORTH WEST, REPTON & WILLINGTON	

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## **1.0 Recommendations**

- 1.1 That the projected out-turn for 2009/10 and the proposed estimates of income and expenditure for 2010/11 are approved.
- 1.2 That the proposed fees and charges for 2010/11 are approved.

## **2.0 Purpose of Report**

- 2.1 To detail the Leisure Centre's financial position following its opening in July 2009. Subsequently, it also sets out the proposed base budget, together with proposals for the level of fees and charges for 2010/11.

## **3.0 Executive Summary and Overall Commentary**

### **Projected Out-turn 2009/10**

- 3.1 Leading up to the opening of the new centre in July 2009, initial costings were prepared to estimate the income and expenditure of the new facility. This originally indicated a net expenditure of around £300,000 per year compared with £270,000 of running the old centre.
- 3.2 More detailed work was then undertaken, naturally based upon a number of assumptions regarding membership of the fitness suite and running costs, etc. Based on this, the net expenditure was estimated at approximately £323,000 for a full year.

3.3 The latest position for 2009/10 shows estimated net expenditure of approximately £383,000, around £60,000 higher.

3.4 The main reasons for this are:

- £23,667 is accounted for by an increase in the amount estimated for NNDR. The increased figure is felt to be more realistic.
- £8,000 is for a 'one off' redundancy payment that has previously been reported to the Committee.
- There were also higher than anticipated staff costs when the Centre was opened primarily to meet the demand and interest in Centre Membership. The requirement for additional staff, particularly on reception, has decreased since the swipe card access system has been in operation.
- While projected targets for gym membership have been met the original estimate unrealistically identified this target being met from 'day one' rather than over a longer period.
- Finally, a significant amount of the shortfall is attributed to the longer than anticipated delay in moving from the old centre to the new. Members will recall that the original intention was to have a very short change over period. Unfortunately, the failure of the main pool water circulation pump at the old centre meant that this closed in June with the new centre not formally opening to the public until 5<sup>th</sup> August 2009. During a significant amount of this period the new staffing levels were in place without any income being generated.

3.5 These last 3 items account for approximately £30,000 of the difference compared to that estimated.

3.6 It should also be noted that costs of electricity, other utilities and as identified above, business rates are still to be fully determined.

### **Base Budget 2010/11**

3.7 The base budget for 2010/11 anticipates a much improved position as it is expected that income levels will eventually rise to that originally anticipated.

3.8 In addition, greater knowledge has now been gained regarding running costs. Overall, net revenue expenditure is estimated at approximately £317,000 for 2010/11.

## **Financing Net Expenditure**

- 3.9 This is still to be fully determined. Under an agreement, the old facility was funded on a 60:26:14 bases between South Derbyshire District Council, John Port School and Derbyshire County Council respectively.
- 3.10 It has been assumed at this stage that the net expenditure will be shared between the District Council and John Port School on the basis as set out in **Appendix 4**. County Council contributions are still to be determined.
- 3.11 Generally, many costs are shared in proportion to estimated usage between school and general public usage on a 62:38 proportion between the District Council and School respectively.
- 3.12 Income and expenditure that can be directly attributable to either the Council or the School is identified separately.

## **4.0 Detail**

### **Formulating the 2010/11 Base Budget**

- 4.1 The detailed figures for 2009/10 and 2010/11 are set out in **Appendix 2**, with a summary in **Appendix 1**. At this stage, the proposed budget does not include a provision for inflation.
- 4.2 The main assumptions underpinning the budgets are set out in **Appendix 3**.

### **Proposed Fees and Charges 2010/11**

- 4.3 **Appendix 5** provides a schedule of the proposed level that will operate from 1st April 2010, together with a comparison to the existing charge. Where applicable, VAT is also added at the standard rate.