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<b>REPORT TO:</b>	<b>ETWALL LEISURE CENTRE JOINT MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 5</b>
<b>DATE OF MEETING:</b>	<b>22<sup>nd</sup> JANUARY 2018</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>TREASURER TO THE JOINT COMMITTEE</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	
<b>SUBJECT:</b>	<b>INCOME &amp; EXPENDITURE 2017/18 and PROPOSED BASE BUDGET 2018/19</b>	<b>REF:</b> u/ks/livefiles/etwalljmc/budget reports/2017 budget report Jan 18
<b>WARD(S) AFFECTED:</b>	<b>ETWALL, HATTON, HILTON, NORTH WEST, REPTON &amp; WILLINGTON</b>	

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## **1.0 Recommendations**

- 1.1 That the projected out-turn for 2017/18 and the proposed estimates of income and expenditure for 2018/19 are approved.

## **2.0 Purpose of Report**

- 2.1 To provide an update on the Leisure Centre's financial position for the current financial year 2017/18 against the approved budget, together with the proposed estimates of income and expenditure for 2018/19.

## **3.0 Detail**

- 3.1 **Appendix 1** details the costs associated with the day-to-day operation of the Centre. The main cost for the Leisure Centre is the payment to Active Nation in accordance with the Contract to subsidise the Facility.
- 3.2 The net expenditure of the Centre is financed by the District Council and the School in the proportion of 62% and 38% respectively.
- 3.3 The Appendix details the current year's budget for 2017/18, together with the projected out-turn against this budget and the proposed budget for 2018/19. For comparison purposes, the previous two years' actual figures are also shown.

## **Summary Position**

- 3.4 Overall net expenditure in 2017/18 is projected to out-turn approximately £4,000 greater than budgeted. This is due to a greater level of repairs and maintenance over that budgeted and in particular repairs to the Flue. Some of this increase has been offset by a reduction in the contribution required towards utility costs.
- 3.5 The proposed budget for 2018/19 includes an increase for repairs and maintenance. This is in accordance with the schedule reported to the Committee in September 2017. The proposed budget for utility costs is a provision and should be lower when compared to previous years' actuals.
- 3.6 Overall, the net cost of the Centre will increase in 2018/19. This is due to the contribution from the County Council being fully withdrawn from April 2018. The full contribution of £32,000 per year was reduced by a 1/3 in 2017/18 as part of a phased reduction in the contribution as previously reported to the Committee in 2016.
- 3.7 The County Council's contribution was aimed at helping to increase physical participation in young people. The County Council decided that from April 2017 that they were unable to continue to provide this discretionary funding due to budget pressures.
- 3.8 Overall, the net cost and contributions are summarised in the following table.

	<b>Actual 2015/16 £</b>	<b>Actual 2016/17 £</b>	<b>Budget 2017/18 £</b>	<b>Projected 2017/18 £</b>	<b>Estimate 2018/19 £</b>
South Derbyshire District Council (62%)	72,139	35,905	48,740	51,425	66,713
John Port School (38%)	44,214	22,006	29,873	31,518	40,888
<b>Net Cost</b>	<b>116,353</b>	<b>57,911</b>	<b>78,613</b>	<b>82,943</b>	<b>107,601</b>

### **Sinking Fund and Decommissioning Provision**

- 3.10 As part of the costs associated with the Leisure Centre, an annual contribution of £25,000 is made to a Sinking Fund to finance replacements of major items of plant and equipment. A contribution of £5,000 per year is also made to a Decommissioning Fund.
- 3.11 As at 31<sup>st</sup> March 2017, the balance on the Sinking Fund was £64,841, with £15,000 in the Decommissioning provision. Annual contributions are included in the Budget.
- 3.12 The contributions in 2017/18 will increase the balances to £89,841 and £20,000 respectively and to £114,841 and £25,000 respectively in 2018/19, if they are not utilised.

APPENDIX 1

Etwall Leisure Centre - Income and Expenditure	Actual	Actual	Budget	Projected	Proposed
	2015/16	2016/17	2017/18	2017/18	Budget
	£	£	£	£	£
Repairs and Maintenance	17,039	8,681	11,500	20,000	16,500
Supplies and Services	2,353	0	0	1,336	
Contribution to Utility Costs (Gas and Electricity)	7,596	3,075	8,269	3,120	10,000
Contribution to Sinking Fund	25,000	25,000	25,000	25,000	25,000
Contribution to Decommissioning Costs	5,000	5,000	5,000	5,000	5,000
Main Contractor Payment	63,051	31,625	31,625	32,292	31,200
Central Support / Overheads	20,822	21,165	19,901	19,901	19,901
Other Maintenance Costs - JPS	22,837	0	0	0	0
<b>Gross Expenditure</b>	<b>163,698</b>	<b>94,546</b>	<b>101,295</b>	<b>106,649</b>	<b>107,601</b>
<b>Less Income Contributions</b>					
County Council	-38,976	-34,773	-22,682	-22,682	0
Less - Share of Café Turnover	-2,000	-1,862	0	-1,024	0
Less - Share of Artificial Grass Pitch Surplus	-6,369	0	0	0	0
<b>NET EXPENDITURE</b>	<b>116,353</b>	<b>57,911</b>	<b>78,613</b>	<b>82,943</b>	<b>107,601</b>
	Actual	Actual	Budget	Projected	Estimate
	2015/16	2016/17	2017/18	2017/18	2018/19
	£	£	£	£	£
<b>Shared</b>					
South Derbyshire District Council (62%)	72,139	35,905	48,740	51,425	66,713
John Port School (38%)	44,214	22,006	29,873	31,518	40,888
	<b>116,353</b>	<b>57,911</b>	<b>78,613</b>	<b>82,943</b>	<b>107,601</b>