

REPORT TO:	ETWALL LEISURE CENTRE JOINT MANAGEMENT COMMITTEE	AGENDA ITEM:3
DATE OF MEETING:	6th JANUARY 2021	CATEGORY:
		RECOMMENDED
REPORT FROM:	TREASURER TO THE JOINT COMMITTEE	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@southderbyshire.gov.uk	DOC: U/ks/live files/Etwall JMC/budget reports/2021 budget report Jan 21
SUBJECT:	INCOME & EXPENDITURE 2020/21 AND PROPOSED BASE BUDGET 2021/22	
WARD(S) AFFECTED:	ETWALL, HATTON, HILTON, NORTH WEST, REPTON & WILLINGTON	TERMS OF REFERENCE: HCS

1.0 Recommendations

- 1.1 That the projected out-turn for 2020/21 is considered and noted.
- 1.2 That the estimates of income and expenditure for 2021/22 are approved.

2.0 Purpose of the Report

- 2.1 To provide an update on the Leisure Centre's financial position for the current financial year 2020/21, together with submitting proposed estimates of income and expenditure for 2021/22.

3.0 Executive Summary

- 3.1 Based on income and expenditure to-date, the net cost of operating the Leisure Centre will be below the Budget for 2020/21. Proposals for the Budget 2021/22 also shows a reduction compared to the base budget for 2020/21. In both cases, this is due to the lower cost of utilities and overheads.

4.0 Detail

- 4.1 **Appendix 1** details the costs associated with the day-to-day operation of the Leisure Centre. The primary cost is the fixed payment to the contractor (Active Nation) in accordance with the management contract. Active Nation also work in partnership with the Council and the Academy to develop services and improve the health and well-being of local residents.
- 4.2 The net cost of the Centre is financed by South Derbyshire District Council and the John Port Spencer Academy in the proportion of 62% and 38% respectively. This is in accordance with the Joint Management Agreement.

Summary Position

- 4.3 Net expenditure in 2020/21 is forecast to out-turn at just under £20,000 lower than Budget. This is due to lower utility costs and overheads.

Utility Costs

- 4.4 The cost of gas and electricity are largely met by Active Nation as the Management Contractor.
- 4.5 Under the Contract, the JMC contribute to these costs or receive a refund, should tariffs increase/decrease compared to a pre-determined baseline which is determined through a formula. This is also adjusted for usage.
- 4.6 The reason for this provision is to protect the Contractor from meeting significant increases in prices which may be outside of their control. Conversely, the JMC benefits where prices fall, or usage is lower.
- 4.7 In practice, there is usually an annual adjustment to make between the JMC and the Contractor, although it is never significant. Traditionally, the JMC's Budget allows a cost of £10,000 per year as a provision. In 2020/21, it is currently forecast to be a small credit of £1,459.

Overheads

- 4.8 These are the costs that the District Council incur in managing the contractor and administering the JMC's Accounts. They can vary year to year depending on the actual costs incurred by the District Council and are a proportion of the overall costs incurred, split on an estimate of time spent.
- 4.9 The costs for 2020/21 and 2021/22 are forecast to be lower compared to the current budget and the actual for 2019/20. A breakdown is summarised below.

Actual Central recharges for CCD30 2020/21 Split 50/50 between Etwall & Greenbank		
	Total Recharge	Etwall Share
Finance	13,461.38	6,730.69
Internal Audit	4,396.84	2,198.42
Merchant banking	1,907.27	953.63
Comms	3,557.66	1,778.83
Procurement	685.43	342.71
Cultural Services	7,282.54	3,641.27
Property Services	1,481.94	740.97
	32,773.07	16,386.54

Net Expenditure

- 4.10 Overall, the net expenditure and contributions are summarised in the following table.

	Actual 2019/20 £	Budget 2020/21 £	Projected 2020/21 £	Proposed Budget 2021/22 £
South Derbyshire District Council (62%)	64,142	68,971	57,429	64,534
John Port Spencer Academy (38%)	39,313	42,273	35,198	39,553
NET EXPENDITURE	103,454	111,244	92,628	104,087

Sinking Fund and Decommissioning Costs

- 4.11 As part of the Budget, an annual contribution of £25,000 is made to a sinking fund to finance major replacements of plant and equipment. A contribution of £5,000 per year is also made to a decommissioning reserve.
- 4.12 As of 31 March 2020, the balance on the Sinking Fund was £111,000, with £30,000 in the Decommissioning Reserve. The contributions in 2020/21 will increase the balances to £136,000 and £35,000 respectively and to £161,000 and £40,000 respectively in 2021/22 if they are not utilised.

APPENDIX 1

Etwall Leisure Centre - Income and Expenditure	Actual 2019/20 £	Budget 2020/21 £	Projected 2020/21 £	Proposed Budget 2021/22 £
Repairs and Maintenance	26,249	16,500	16,500	16,500
Contribution to Utility Costs (Gas and Electricity)	-6,113	10,000	-1,459	10,000
Contribution to Sinking Fund	25,000	25,000	25,000	25,000
Contribution to Decommissioning Costs	5,000	5,000	5,000	5,000
Main Contractor Payment	32,336	31,200	31,200	31,200
Central Support Costs (Overheads)	20,982	23,544	16,387	16,387
Total Expenditure	103,454	111,244	92,628	104,087

Shared	Actual 2019/20 £	Budget 2020/21 £	Projected 2020/21 £	Estimate 2021/22 £
South Derbyshire District Council (62%)	64,142	68,971	57,429	64,534
John Port Spencer Academy (38%)	39,313	42,273	35,198	39,553
	103,454	111,244	92,628	104,087