
REPORT TO: ETWALL LEISURE CENTRE JOINT MANAGEMENT COMMITTEE **AGENDA ITEM: 4**

DATE OF MEETING: 20 SEPTEMBER 2023 **CATEGORY:** RECOMMENDED

REPORT FROM: TREASURER TO THE JOINT MANAGEMENT COMMITTEE **OPEN**

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SUBJECT: FINAL ACCOUNTS 2022-23 **REF:** S.Finance/Etwall/JMC/final accounts report 2023

WARD (S) AFFECTED: ETWALL, HATTON, HILTON, NORTH WEST, REPTON & WILLINGTON

1.0 Recommendations

1.1 That the Final Accounts for 2022/2023 are approved.

42.0 Purpose of Report

2.1 To report the Leisure Centre's final accounts for 2022/23.

3.0 Detail

3.1 Items of expenditure for 2022/23 are detailed in the following table.

| Etwall Leisure Centre - Income and Expenditure | Budget 2022/23 £ | Projected 2022/23 £ | Actual 2022/23 £ |
|---|---------------------------------|------------------------------------|---------------------------------|
| Repairs and Maintenance | 16,500 | 16,542 | 40,904 |
| Contribution to Utility Costs (Gas and Electricity) | 10,000 | 2,814 | 158,537 |
| Contribution to Sinking Fund | 25,000 | 25,000 | 25,000 |
| Contribution to Decommissioning Costs | 5,000 | 5,000 | 5,000 |
| Main Contractor Payment | 31,945 | 33,801 | 33,802 |
| Central Support / Overheads | 17,729 | 18,422 | 10,783 |
| Professional Fees | 0 | 0 | -2,250 |
| Total Expenditure | 106,175 | 101,579 | 271,776 |
| Less sink fund draw down | 0 | 0 | -37,030 |
| Total: | 106,175 | 101,579 | 234,746 |
| Shared | Budget 2022/23 £ | Projected 2022/23 £ | Actual 2022/23 £ |
| South Derbyshire District Council (62%) | 65,828 | 62,979 | 145,543 |
| John Port Spencer Academy (38%) | 40,346 | 38,600 | 89,203 |
| | 106,175 | 101,579 | 234,746 |

- 3.2 The table shows that the overall expenditure was higher than budgeted, and above that projected when last reported in January 2023.
- 3.3 The main reason for the increase in costs was the utilities benchmarking. The utilities recharge is formed as part of the contractual energy benchmarking arrangements with Active Nation. This resulted in a significant increase in cost from those projected.
- 3.4 The costs of day-to-day repairs and maintenance have been largely offset by a draw down on the sinking fund as approved in April 2023.
- 3.5 Professional fees have been reduced by £2,250 as agreed on 6th July 2022, for the recharge of external commissioning fees primarily instructed by the Council.

Utility Costs

- 3.4 The cost of gas and electricity are largely met by Active Nation as the Management Contractor.
- 3.5 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.
- 3.6 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.
- 3.6 In practice, there is usually an annual adjustment to make between the JMC and the Contractor, although historically this has never been significant. The energy price increases have had an adverse effect on the actual recharge for 2022/23. Robust action was undertaken by Active Nation to mitigate this increase in cost in the future.

Overheads

- 3.7 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. A breakdown is summarised below.

| Central recharges estimate for CCD30 2022/23 Split 50/50 between Etwall & Greenbank | | |
|---|-------------------|------------------|
| | Total Recharge | Etwall Share |
| Finance | 7,475.90 | 3,737.95 |
| Internal Audit | 2,524.68 | 1,262.34 |
| Merchant banking | 1,758.38 | 879.19 |
| Cultural Services | 6,318.04 | 3,159.02 |
| Comms | 1,554.72 | 777.36 |
| Property Services | 1,653.34 | 826.67 |
| Procurement | 280.89 | 140.45 |
| | 21,565.96 | 10,782.98 |

Sinking Fund

- 3.8 Each year, a contribution of £25,000 is made to a sinking fund which is earmarked to replace major items of plant and equipment. In addition, a further provision of £5,000 is made for future decommissioning costs.
- 3.9 As approved in April 2023 a drawdown from the sinking fund of £37,030 was made to finance maintenance pressures during the year.
- 3.10 As of 31st March 2023, the balance on the sinking fund was £154,638 with £40,000 in the decommissioning provision.