

REPORT TO:	ETWALL LEISURE CENTRE JOINT MANAGEMENT COMMITTEE	AGENDA ITEM: 5
DATE OF MEETING:	9th JANUARY 2019	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/2019 budget report Jan 19
SUBJECT:	INCOME & EXPENDITURE 2018/19 and PROPOSED BASE BUDGET 2019/20	
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 2018/19 is considered and noted.
- 1.2 That the estimates of income and expenditure for 2019/20 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 2018/19, together with submitting proposed estimates of income and expenditure for 2019/20.

3.0 Executive Summary

- 3.1 Based on income and expenditure to-date, the net cost of operating the Leisure Centre will be below Budget for 2018/19. Proposals for 2019/20 Budget show no increase compared to the base budget for 2018/19.

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 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 2018/19 is forecast to out-turn approximately £6,000 (5%) lower than Budget. This is due to lower repairs and utility costs.
- 4.4 The proposed budget for 2019/20 is based on that for 2018/19. The payment to the Contractor could be higher, depending on the annual review of the price on the anniversary of the Contract in February 2019. Usually, the price is increased to reflect inflation.
- 4.5 Budgets are monitored on a regular basis and reported to the Committee. Overall, the net cost and contributions are summarised in the following table.

	Actual 2016/17 £	Actual 2017/18 £	Budget 2018/19 £	Projected 2018/19 £	Estimate 2019/20 £
South Derbyshire District Council (62%)	35,905	48,974	66,713	62,767	66,713
John Port Spencer Academy (38%)	22,006	30,017	40,888	38,470	40,888
NET EXPENDITURE	57,911	78,991	107,601	101,237	107,601

- 4.6 The main reason for the increase in net expenditure from 2016/17 to 2018/29 is due to the ending of a discretionary contribution from Derbyshire County Council, as previously reported to the Committee.

Sinking Fund and Decommissioning Costs

- 4.7 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.
- 4.8 As at 31st March 2018, the balance on the Sinking Fund was £111,000, with £20,000 in the Decommissioning Reserve. The contributions in 2018/19 will increase the balances to £136,000 and £25,000 respectively and to £161,000 and £30,000 respectively in 2019/20 if they are not utilised.

Etwall Leisure Centre - Income and Expenditure	Actual 2016/17 £	Actual 2017/18 £	Budget 2018/19 £	Projected 2018/19 £	Proposed Budget 2019/20 £
Repairs and Maintenance	8,681	21,432	16,500	14,000	16,500
Contribution to Utility Costs (Gas and Electricity)	3,075	3,075	10,000	5,000	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	31,625	32,292	31,200	32,336	31,200
Central Support Costs (Overheads)	21,165	14,874	19,901	19,901	19,901
Gross Expenditure	94,546	101,673	107,601	101,237	107,601

Less Income Contributions

Derbyshire County Council	-34,773	-22,682	0	0	0
Less - Share of Café Turnover (see note below)	-1,862	0	0	0	0

NET EXPENDITURE

57,911	78,991	107,601	101,237	107,601
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Shared	Actual 2016/17 £	Actual 2017/18 £	Budget 2018/19 £	Projected 2018/19 £	Estimate 2019/20 £
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John Port Spencer Academy (38%)	22,006	30,017	40,888	38,470	40,888
NET EXPENDITURE	57,911	78,991	107,601	101,237	107,601

Notes:

Café Turnover

Since the closure of the café, AN have operated vending machines at the site. The vending machine surplus is accounted for outside of the above JMC agreement.

AN retains 50% of the surplus income from these, and pays the other 50% to SDDC. JPS then invoice SDDC for half of this amount, resulting in a 50/25/25 split.

The total 17/18 vending machine surplus is £3497.76, and is split £1748.88 AN / £874.44 SDDC / £874.44 JPS

Artificial Grass Pitch (AGP) Surplus

The AGP surplus is accounted for outside of the JMC agreement.

AN retains 50% of the surplus income from these, and pays the other 50% to SDDC. JPS then invoice SDDC for half of this amount, resulting in a 50/25/25 split.

The total 17/18 AGP surplus is £18990, and is split £9495 AN / £4747.50 SDDC / £4747.50 JPS