

## TRUSTS AND CHARITIES COMMITTEE – 28 November 2014

<b>Title of paper:</b>	<b>Quarter 2 Budget Monitoring 2014/15 - Bridge Estate, Harvey Hadden and Highfields Trusts</b>		
<b>Director(s)/ Corporate Director(s):</b>	Glen O'Connell Acting Corporate Director of Resources	<b>Wards affected:</b>	All
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<b>Other colleagues who have provided input:</b>	Georgina Lewis, Finance Analyst Steve Ross, Finance Analyst Tracy White, Senior Finance Assistant		
<b>Date of consultation with Portfolio Holder(s) (if relevant)</b>			
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
This report details the forecast outturn for 2014/15 Bridge Estate, Highfields Leisure Park Trust and Harvey Hadden Stadium Trust, based on the second quarter's budget monitoring.			
<b>Recommendation(s):</b>			
<b>1</b>	That the forecast outturn for each of the trusts for 2014/15 be noted.		

### **1. BACKGROUND**

This report is an integral part of the Council's regular monitoring, forecasting and reporting system. The report enables the Trusts and Charities Committee to be aware of the financial position of the Charities and therefore allows any appropriate decisions or actions to be taken in their role as Trustee.

### **2. REASONS FOR RECOMMENDATIONS**

As Trustee, the Council has responsibility for making recommendations on the management of the Charities. The budget is a key part of the framework for the financial management of the trusts and any subsequent recommendations.

### 3. **FINANCIAL ANALYSIS–QUARTER 2 BUDGET MONITORING/FORECAST 2013/14**

#### 3.1 **BRIDGE ESTATE - REVENUE**

The forecast outturn for 2014/15 is detailed in **Table 1**. The forecast is based on the income and expenditure to September together with anticipated future income and expenditure to the year end.

**TABLE 1: BRIDGE ESTATE QTR2**

DESCRIPTION	Updated Budget 2014/15 £	Forecast 2014/15 £	(Under)/ Over Spend 2014/15 £
<b>EXTERNAL INCOME</b>	<b>(2,159,820)</b>	<b>(2,140,693)</b>	<b>19,127</b>
<b>EXPENDITURE</b>			
Premises	208,950	189,215	(19,735)
Supplies and Services	41,330	41,330	0
Support Services	133,810	133,810	0
Interest on Borrowing	97,970	97,970	0
<b>Total Expenditure</b>	<b>482,060</b>	<b>462,325</b>	<b>(19,735)</b>
<b>Net Income before NCC Contribution</b>	<b>(1,677,760)</b>	<b>(1,678,368)</b>	<b>(608)</b>
Less Contribution to NCC	1,545,000	1,545,000	0
<b>NET INCOME/EXPENDITURE</b>	<b>(132,760)</b>	<b>(133,368)</b>	<b>(608)</b>
<b>Contribution to Funds/Reserves</b>			
Repairs and Renewal Funds	72,000	72,000	0
Un-Earmarked Reserve	60,760	61,368	608
<b>UNALLOCATED SURPLUS</b>	<b>0</b>	<b>0</b>	<b>0</b>

Current projections indicate that overall the budgeted surplus will be achieved. Projected variances against individual budget lines are explained below.

- **Income (£19,127 shortfall)** – £11,000 of the shortfall is primarily due to voids at Century House. The balance of £8,000 relates to two properties at Hungerhill Road which the Trust has been unable to let.
- **Premises (£19,735 underspend)** – £11,270 relates to reduction in rent payable to Chamber Estate on the head lease at Bull Close, following the acquisition of the freehold interest, which was completed in September. This will increase by a further £11,270 in future years. The balance of £8,465 relates to reduction in costs at Woolsthorpe Close now that it is fully let.

### 3.2 BRIDGE ESTATE – CAPITAL

**Appendix 1** shows the current projected position on Bridge Estate Capital Receipts, and the use of those receipts for capital financing. Note that future capital expenditure at Woolsthorpe Close is subject to approval and a report will be submitted to a future meeting. The appendix indicates that there will be a shortfall in available funding in 2015-16 of £1,274,194 and that by 31 March 2017 the revised property portfolio will be generating net additional income of £141,356 after loan repayments.

The Trust also holds non-property investments of £602,297, which may be realised to help meet the funding shortfall, leaving a balance of £671,897. This shortfall could notionally be covered by a loan, however, the exact timing and amount of the loan will be determined by treasury management considerations such as the timing of the use of reserves, and payment of creditors together with any further capital receipts. The non-property investments held are as follows:

<b>TABLE 2: BRIDGE ESTATE INVESTMENTS @ 31 MARCH 2014</b>	
<b>DESCRIPTION</b>	<b>£</b>
COIF Accumulation Units	331,269
NCC loans	269,643
Government Stocks	1,385
<b>TOTAL</b>	<b>602,297</b>

The Trust has also established a separate reserve for the repair of Trent Bridge. An annual contribution to the reserves of £72,000 is planned to generate funding for the repainting of the Bridge in 2017/18. The reserve position is as follows:

<b>TABLE 3: REPAIRS RESERVE FUND</b>	
<b>DESCRIPTION</b>	<b>£</b>
<b>TRENT BRIDGE</b>	
Balance at 31 March 2014	266,780
Projected Contribution 2014/15	72,000
Transfer from Residential Repairs Fund	44,833
<b>Projected Balance at 31 March 2015</b>	<b>383,613</b>

### 3.3 HARVEY HADDEN STADIUM TRUST

**TABLE 4: HARVEY HADDEN STADIUM TRUST QTR 2**

DESCRIPTION	Updated Budget 2014/15	Forecast 2014/15	(Under)/ Over Spend 2014/15
	£	£	£
<b>INCOME - RENTS</b>	<b>10,630</b>	<b>4,000</b>	<b>6,630</b>
<b>EXPENDITURE:</b>			
Grounds Maintenance	102,410	42,000	(60,410)
Utilities	23,010	23,010	0
Building repairs	6,600	6,870	270
<b>Total Expenditure</b>	<b>132,020</b>	<b>71,880</b>	<b>(60,140)</b>
<b>Net Deficit before NCC Grant</b>	<b>121,390</b>	<b>67,880</b>	<b>(53,510)</b>
Less NCC Grant	121,390	67,880	53,510
<b>NET (INCOME)/EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Projected variances against budget are explained below:

- Income and grounds Maintenance costs have been affected by the major building works that started in July 2014 reducing the estimated net cost by £64,410
- The grant from NCC will be reduced by £60,410 to match the net under spend. There will be no saving to the City Council as the staff and equipment has been temporary redeployed within the Parks and Open Space Service.

### 3.4 HIGHFIELDS LEISURE PARK TRUST

TABLE 5: HIGHFIELDS PARK TRUST QTR 2

DESCRIPTION	Updated Budget 2014/15	Forecast 2014/15	(Under)/ Over Spend 2014/15
	£	£	£
<b>INCOME:</b>			
Investment Income	4,630	4,630	0
Fees and Charges	52,170	56,000	(3,830)
Rents	43,630	43,630	0
Concessions	24,210	23,500	710
<b>Total Income</b>	<b>124,640</b>	<b>127,760</b>	<b>(3,120)</b>
<b>EXPENDITURE:</b>			
Grounds Maintenance	197,690	197,690	0
Utilities	24,910	4,910	(20,000)
Building repairs	3,270	5,000	1,730
<b>Total Expenditure</b>	<b>225,870</b>	<b>207,600</b>	<b>(18,270)</b>
<b>Net Deficit before NCC Grant</b>	<b>101,230</b>	<b>79,840</b>	<b>(21,390)</b>
Less NCC Grant	101,230	79,840	21,390
<b>NET (INCOME)/EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Projected variances against budget are explained below:

- Increased boating income due to the good summer.
- Refund of overpayment of electricity charges re: Grounds man's Hut
- The grant from NCC will be reduced by £21,390 to match the net under spend.

#### 5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

None

#### 6. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions) ☒

No ☐

Yes – Equality Impact Assessment attached ☐

Due regard should be given to the equality implications identified in the EIA.

#### 7. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

Budget and final account working papers.

#### 8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

None

# APPENDIX 1

Bridge Use of Capital Receipts 2013-14 to 2014/15				Net Revenue Impact of sales & acquisitions			
Year		£	£	2013/14	2014/15	2015/16	2016/17
2013/14	Opening Balance 1.4.13		-58,397	£	£	£	£
	<b>Receipts 2013-14</b>						
<b>Sales</b>	110 - 138 Mansfield Road	-1,125,000		18,206	21,725	21,725	21,725
	Various Properties to Confetti	-1,270,833		21,042	67,779	67,779	67,779
	53 Shelton Street	-65,000		2,023	2,023	2,023	2,023
	Flats 1+2, Gorsey Road	-156,000		327	4,146	4,146	4,146
	349 Woodborough Rd	-127,500		4,046	4,046	4,046	4,046
	77 Wellington Street	-70,000		2,023	2,023	2,023	2,023
<b>Re-gears</b>	Two sites at Glaisdale Point, off Glaisdale Drive, Bilborough	-170,000	-2,984,333	0	0	0	0
	<b>Total Actual Receipts</b>		<b>-3,042,730</b>	<b>47,667</b>	<b>101,742</b>	<b>101,742</b>	<b>101,742</b>
	<b>Use of Receipts 2013/14</b>						
<b>Acquisitions</b>	Bull Close - Leasehold	900,000		-60,918	-107,460	-107,460	-107,460
<b>Loan Repayment</b>	Principal Repayment from capital receipts in 2013/14	196,144					
<b>Capital Works</b>	Woolsthorpe Close refurbishment for letting to Communities	378,569		-19,214	-56,350	-56,350	-56,350
	<b>Total Use of Receipts 2013/14</b>		<b>1,474,713</b>	<b>-80,132</b>	<b>-163,810</b>	<b>-163,810</b>	<b>-163,810</b>
	<b>Unused Capital Receipts at 31.3.14</b>		<b>-1,568,017</b>	<b>-32,465</b>	<b>-62,068</b>	<b>-62,068</b>	<b>-62,068</b>
<b>2014/15</b>	<b>Opening Balance 1.4.14</b>		-1,568,017				
	<b>Anticipated Receipts 2014/15</b>						
<b>Sales</b>	14 Gorsey Road	-140,000		0	0	0	0
			-140,000				
	<b>Total Expected Receipts</b>		<b>-1,708,017</b>				
	<b>Use of Receipts 2014/15</b>						
<b>Acquisitions</b>	Bull Close - Freehold	470,000		0	-11,270	-22,540	-22,540
	Principal Repayment part from revenue and part from capital receipts in 2014/15	135,390					
<b>Loan Repayment</b>	Woolsthorpe Close refurbishment for letting to Communities (Slippage from 13-14)	41,431					
<b>Capital Works</b>	<b>Total anticipated Capital Expenditure 2014/15</b>		<b>646,821</b>				
	<b>Anticipated Unused Capital Receipts at 31.3.15</b>		<b>-1,061,196</b>	<b>-32,465</b>	<b>-73,338</b>	<b>-84,608</b>	<b>-84,608</b>
<b>2015/16</b>	<b>Opening Balance 1.4.15</b>		-1,061,196				
	<b>Anticipated Receipts 2015/16</b>						
<b>Sales</b>				0	0	0	0
	<b>Total Expected Receipts</b>		<b>-1,061,196</b>				
	<b>Use of Receipts 2014/15</b>						
<b>Acquisitions</b>	Principal Repayment part from revenue and part from capital receipts in 2015/16	135,390					
<b>Loan Repayment</b>	Woolsthorpe Close refurbishment for letting to NCH	2,200,000		0	0	0	-154,000
<b>Capital Works</b>	<b>Total anticipated Capital Expenditure 2015/16</b>		<b>2,335,390</b>				
	<b>Anticipated loan to cover shortfall re Woolsthorpe Close refurbishment for NCH letting</b>	-1,274,194		0	0	0	97,252
<b>Additional Loans</b>	<b>Anticipated Unused Capital Receipts at 31.3.16</b>		<b>0</b>	<b>-32,465</b>	<b>-73,338</b>	<b>-84,608</b>	<b>-141,356</b>
				Net additional Income			