

TRUSTS AND CHARITIES COMMITTEE – 27 February 2015

Title of paper:	Bridge Estate, Harvey Hadden Stadium and Highfields Park Trust - Quarter 3 Budget Monitoring 2014/15		
Corporate Director:	Glen O'Connell Acting Corporate Director of Resources	Wards affected: All	
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Other colleagues who have provided input:	Georgina Lewis, Finance Analyst Steve Ross, Finance Analyst Tracy White, Senior Finance Assistant		
Relevant Council Plan Strategic Priority:			
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"/>
Summary of issues (including benefits to citizens/service users):			
This report details the forecast outturn for 2014/15 Bridge Estate, Highfields Leisure Park Trust and Harvey Hadden Stadium Trust, based on the third quarter's budget monitoring.			
Recommendation:			
1	That the forecast outturn for Bridge Estate, Highfields Leisure Park Trust and Harvey Hadden Stadium Trust 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 3 BUDGET MONITORING/FORECAST 2013/14**

BRIDGE ESTATE - REVENUE

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

Table 1: Bridge Estate Qtr3			
	Updated Budget 2014/15 £	Forecast 2014/15 £	(Under)/ Over Spend 2014/15 £
External Income	(2,159,820)	(2,130,242)	29,578
Expenditure:			
Premises	208,950	201,850	(7,100)
Supplies and Services	41,330	65,330	24,000
Support Services	133,810	133,810	0
Bridge Maintenance	50,830	50,830	0
Interest on Borrowing	97,970	97,970	0
Total Expenditure	532,890	549,790	16,900
Surplus before NCC Grant	(1,626,930)	(1,580,452)	46,478
Less Grant to NCC	1,545,000	1,498,522	(46,478)
Net Surplus	(81,930)	(81,930)	0
Contribution to Funds/Reserves			
Repairs and Renewal Funds	21,170	21,170	0
Un-Earmarked Reserve	60,760	60,760	0
Unallocated Surplus	0	0	0

Current projections indicate that there will be an underachievement of £46,478 against the budgeted surplus. Projected variances against individual budget lines are explained below.

- **Income (£29,578 shortfall)** – £13,000 of the shortfall is primarily due to voids and rent free tenancies at Century House. £6,000 of the shortfall relates to voids at Wheeler Gate (Formerly occupied by the Co-op). £8,000 relates to two properties at Hungerhill Road which the Trust has been unable to let. The balance of £2,578 relates to write off of service charge income at Century House.
- **Premises (£7,100 underspend)** – There is an underspend of £15,500 on maintenance costs at Woolsthorpe Close now that it is fully let. In addition there have been savings of £2,000 on business rates due to Century House lettings. This has been partly offset by the cost of tree works at Old Coach Road amounting to £10,400.

- **Supplies and Services (£24,000 overspend)** – This relates to the net write off of bad debt in relation to Whitemoor Court.

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 £797,136 and that by 31 March 2017 the revised property portfolio will be generating net additional income of £155,227 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 £194,839. 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:

**Table 2: Bridge Estate Investments
@ 31 March 2014**

	£
COIF Accumulation Units	331,269
NCC loans	269,643
Government Stocks	1,385
TOTAL	602,297

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 2018/19. The reserve position is as follows:

Table 3: Trent Bridge Repairs Reserve

	£
Balance at 31 March 2014	266,780
Projected Contribution 2014/15	72,000
Transfer from Residential Repairs Fund	44,833
Drawdown of reserve in 2014/15 for ornamental lighting and paintwork	(50,830)
Projected Balance at 31 March 2015	332,783

HARVEY HADDEN STADIUM TRUST

Table 4: Harvey Hadden Stadium Qtr 3

	Updated Budget 2014/15 £	Forecast 2014/15 £	(Under)/ Over Spend 2014/15 £
Income - Rents	10,630	5,500	5,130
Expenditure:			
Grounds Maintenance	102,410	42,000	(60,410)
Utilities	23,010	23,010	0
Building repairs	6,870	34,256	27,386
Total Expenditure	132,290	99,266	(33,024)
Net Deficit before NCC Grant	121,660	93,766	(27,894)
Less NCC Grant	121,660	93,766	27,894
NET (INCOME)/EXPENDITURE	0	0	0

Projected variances against budget are explained below:

- Income and grounds maintenance and building repair costs have been affected by the major building works that started in July 2014 reducing the estimated net deficit by £27,894.
- The grant from NCC will be reduced by £27,894 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.

HIGHFIELDS LEISURE PARK TRUST

Table 5: Highfields Park Qtr 3

	Updated Budget 2014/15 £	Forecast 2014/15 £	(Under)/ Over Spend 2014/15 £
Income:			
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
Total Income	124,640	127,760	(3,120)
Expenditure:			
Grounds Maintenance	197,690	197,690	0
Utilities	24,910	4,910	(20,000)
Building repairs	3,270	5,000	1,730
Total Expenditure	225,870	207,600	(18,270)
Net Deficit before NCC Grant	101,230	79,840	(21,390)
Less NCC Grant	101,230	79,840	21,390
NET (INCOME)/EXPENDITURE	0	0	0

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

None

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
2014/15		Opening Balance 1.4.14		-1,568,017				
		Anticipated Receipts 2014/15						
	Sales	14 Gorsey Road	-160,000		0	0	0	0
				-160,000				
		Total Expected Receipts		-1,728,017				
		Use of Receipts 2014/15						
	Loan Repayment	Principal Repayment part from revenue and part from capital receipts in 2014/15		135,390				
	Capital Works	Capitalised Repairs	18,232		0	0	0	0
		Woolsthorpe Close refurbishment for letting to Communities (Slippage from 13-14)	41,431	59,663				
		Total anticipated Capital Expenditure 2014/15		195,053	0	0	0	0
		Anticipated Unused Capital Receipts at 31.3.15		-1,532,964	-32,465	-62,068	-62,068	-62,068
2015/16		Opening Balance 1.4.15		-1,532,964				
		Anticipated Receipts 2015/16						
	Sales				0	0	0	0
		Total Expected Receipts		-1,532,964				
		Use of Receipts 2014/15						
	Acquisitions							
	Loan Repayment	Principal Repayment part from revenue and part from capital receipts in 2015/16		130,100				
	Capital Works	Woolsthorpe Close refurbishment for letting to NCH		2,200,000	0	0	0	-154,000
		Total anticipated Capital Expenditure 2015/16		2,330,100	0	0	0	-154,000
		Anticipated loan to cover shortfall re Woolsthorpe Close refurbishment for NCH letting		-797,136	0	0	0	60,841
	Additional Loans	Anticipated Unused Capital Receipts at 31.3.16		0	-32,465	-62,068	-62,068	-155,227
					Net additional Income			