

TRUSTS AND CHARITIES COMMITTEE – 17 September 2014

| | | | |
|--|--|------------------------|-------------------------------------|
| Title of paper: | Bridge Estate, Harvey Hadden Stadium Trust and Highfields Leisure Park Trust - Quarter 1 Budget Monitoring 2014/15 | | |
| Director(s)/ Corporate Director(s): | Glen O'Connell Acting Corporate Director of Resources | Wards affected: | All |
| Report author(s) and contact details: | Georgina Lewis, Finance Analyst georgina.lewis@nottinghamcity.gov.uk 0115 8764227 Steve Ross, Finance Analyst Steve.ross@nottinghamcity.gov.uk 0115 8763738 | | |
| Other colleagues who have provided input: | Tracy White, Senior Finance Assistant | | |
| Date of consultation with Portfolio Holder(s) (if relevant) | | | |
| 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 first quarter's budget monitoring. | | | |
| Recommendation(s): | | | |
| 1 | That the reserve for repairs and maintenance of properties is transferred into the reserve for Trent Bridge repairs. | | |
| 2 | 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 1 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 June together with anticipated future income and expenditure to the year end.

| TABLE 1: BRIDGE ESTATE QTR1 | | | |
|---|-------------------------------------|-------------------------------|---|
| DESCRIPTION | Updated Budget 2014/15 £ | Forecast 2014/15 £ | (Under)/Over Spend 2014/15 £ |
| EXTERNAL INCOME | (2,087,750) | (2,076,623) | 11,127 |
| EXPENDITURE | | | |
| Premises | 148,950 | 137,680 | (11,270) |
| Supplies and Services | 41,330 | 41,330 | - |
| Support Services | 133,810 | 133,810 | - |
| Interest on Borrowing | 97,970 | 97,970 | - |
| Total Expenditure | 422,060 | 410,790 | (11,270) |
| Net Income before NCC Contribution | (1,677,760) | (1,677,903) | (143) |
| Less Contribution to NCC | 1,545,000 | 1,545,000 | - |
| NET INCOME/EXPENDITURE | (132,760) | (132,903) | (143) |
| Contribution to Funds/Reserves | | | |
| Repairs and Renewal Funds | 72,000 | 72,000 | - |
| Un-Earmarked Reserve | 60,760 | 60,903 | 143 |
| UNALLOCATED SURPLUS | - | - | - |

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

- **Income (£11,127 shortfall)** – This is primarily due to voids at Century House.
- **Premises (£11,270 underspend)** – This relates to reduction in rent payable to Chamber Estate on the head lease at Bull Close, following the acquisition of the freehold interest which is expected to be completed in September. This will increase to a further reduction in future years of £11,270.

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 is a shortfall in available funding of £1,153,804 and that by 2015/16 the revised property portfolio will be generating net additional income of £150,544 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 £551,507. 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 | |
|---|----------------|
| DESCRIPTION | £ |
| COIF Accumulation Units | 331,269 |
| NCC loans | 269,643 |
| Government Stocks | 1,385 |
| TOTAL | 602,297 |

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

| TABLE 3: REPAIRS RESERVE FUND | |
|---|----------------|
| DESCRIPTION | £ |
| TRENT BRIDGE | |
| Balance at 31 March 2014 | 266,780 |
| Projected Contribution 2014/15 | 72,000 |
| Projected Balance at 31 March 2015 | 338,780 |
| RESIDENTIAL | |
| Balance at 31 March 2014 | 44,833 |
| Projected Contribution 2014/15 | - |
| Projected Balance at 31 March 2015 | 44,833 |

The reserve fund for residential properties is no longer required now that these properties have been sold. It is recommended that this reserve be transferred into the reserve for Trent Bridge Repairs.

3.3 HARVEY HADDEN STADIUM TRUST

| TABLE 4: HARVEY HADDEN STADIUM TRUST QTR 1 | | | |
|--|-----------------------------------|--------------------------|---------------------------------------|
| DESCRIPTION | Updated Budget 2014/15 £ | Forecast 2014/15 £ | (Under)/Over Spend 2014/15 £ |
| INCOME: | | | |
| Rents | 10,630 | 8,000 | 2,630 |
| Grants | 121,390 | 120,310 | 1,080 |
| Total Income | 132,020 | 128,310 | 3,710 |
| | | | |
| EXPENDITURE: | | | |
| Grounds Maintenance | 102,410 | 98,430 | (3,710) |
| Utilities | 23,010 | 23,010 | - |
| Building repairs | 6,870 | 6,870 | - |
| Total Expenditure | 132,020 | 128,310 | (3,710) |
| | | | |
| NET (INCOME)/EXPENDITURE | - | - | - |

Projected variances against budget are explained below:

- Income has been affected by the major building works but this is being off-set by a reduction in running costs (staffing etc).
- The grant from NCC will be reduced by £1,080 to match the net underspend

3.4 HIGHFIELDS LEISURE PARK TRUST

| TABLE 5: HIGHFIELDS PARK TRUST QTR 1 | | | |
|--------------------------------------|--------------------------------|--------------------------|---------------------------------------|
| DESCRIPTION | Updated Budget 2014/15 £ | Forecast 2014/15 £ | (Under)/Over Spend 2014/15 £ |
| INCOME: | | | |
| Investment Income | 4,630 | 4,630 | - |
| Fees and Charges | 52,170 | 55,200 | (3,030) |
| Rents | 43,630 | 43,630 | - |
| Concessions | 24,210 | 23,500 | 710 |
| Grants | 101,230 | 98,910 | 2,320 |
| Total Income | 225,870 | 225,880 | - |
| EXPENDITURE: | | | |
| Grounds Maintenance | 197,690 | 197,690 | - |
| Utilities | 24,910 | 24,910 | - |
| Building repairs | 3,270 | 3,270 | - |
| Total Expenditure | 225,870 | 225,870 | - |
| NET (INCOME)/EXPENDITURE | - | - | - |

Projected variances against budget are explained below:

- An increase in fees and charges income is as a result of an expected increase in Boating income above budget due to the good summer.
- The grant from NCC will be reduced by £2,320 to match the net underspend.

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 |
| 2013/14 | | Opening Balance 1.4.13 | | -58,397 | £ | £ | £ |
| | | | | | | | |
| | | Receipts 2013-14 | | | | | |
| | Sales | 110 - 138 Mansfield Road | -1,125,000 | | 18,206 | 21,725 | 21,725 |
| | | Various Properties to Confetti | -1,270,833 | | 21,042 | 67,779 | 67,779 |
| | | 53 Shelton Street | -65,000 | | 2,023 | 2,023 | 2,023 |
| | | Flats 1+2, Gorsey Road | -156,000 | | 327 | 4,146 | 4,146 |
| | | 349 Woodborough Rd | -127,500 | | 4,046 | 4,046 | 4,046 |
| | | 77 Wellington Street | -70,000 | | 2,023 | 2,023 | 2,023 |
| | | | | | | | |
| | Re-gears | Two sites at Glaisdale Point, off Glaisdale Drive, Bilborough | -170,000 | -2,984,333 | 0 | 0 | 0 |
| | | Total Actual Receipts | | -3,042,730 | 47,667 | 101,742 | 101,742 |
| | | | | | | | |
| | | Use of Receipts 2013/14 | | | | | |
| | Acquisitions | Bull Close - Leasehold | | 900,000 | -60,918 | -107,460 | -107,460 |
| | Loan Repayment | Principal Repayment from capital receipts in 2013/14 | | 196,144 | | | |
| | Capital Works | Woolsthorpe Close refurbishment for letting to Communities | | 378,569 | -19,214 | -56,350 | -56,350 |
| | | Total Use of Receipts 2013/14 | | 1,474,713 | -80,132 | -163,810 | -163,810 |
| | | Unused Capital Receipts at 31.3.14 | | -1,568,017 | -32,465 | -62,068 | -62,068 |
| | | | | | | | |
| 2014/15 | | Opening Balance 1.4.14 | | -1,568,017 | | | |
| | | | | | | | |
| | | Anticipated Receipts 2014/15 | | | | | |
| | Sales | 14 Gorsey Road | -125,000 | | 0 | 0 | 0 |
| | | | | -125,000 | | | |
| | | Total Expected Receipts | | -1,693,017 | | | |
| | | | | | | | |
| | | Use of Receipts 2014/15 | | | | | |
| | Acquisitions | Bull Close - Freehold | | 470,000 | 0 | -11,270 | -22,540 |
| | Loan Repayment | Principal Repayment part from revenue and part from capital receipts in 2014/15 | | 135,390 | | | |
| | Capital Works | Woolsthorpe Close refurbishment for letting to Communities (Slippage from 13-14) | 41,431 | | | | |
| | | Woolsthorpe Close refurbishment for letting to NCH | 2,200,000 | 2,241,431 | 0 | 0 | -154,000 |
| | | Total anticipated Capital Expenditure 2014/15 | | 2,846,821 | 0 | -11,270 | -176,540 |
| | | | | | | | |
| | Additional Loans | Anticipated loan to cover shortfall re Woolsthorpe Close refurbishment for NCH letting | | -1,153,804 | 0 | 0 | 88,064 |
| | | Anticipated Unused Capital Receipts at 31.3.15 | | 0 | -32,465 | -73,338 | -150,544 |