



## Council - 4 March 2019

### Addendum report to FINAL Medium Term Financial Strategy and Plan – revisions to Enterprise Centre estimates

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#### Purpose of report

The purpose of this report is as an addendum to the FINAL Medium Term Financial Strategy and Plan 2019/20 – 2023/24 as at appendix 7(b). It updates and amends figures in relation to the East Northants Enterprise Centre.

#### Appendices (to the main agenda item 7 (b) FINAL Medium Term Financial Strategy and Plan)

Appendix 1 – FINAL REVISED MTFs Summary 2019-20 to 2023-24

Appendix 4 – FINAL REVISED Capital Programme

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#### 1.0 Background

- 1.1 This addendum is required to update the revenue budget and capital programme for 2019/20 – 2023/24 following the conclusion of the tender process for the East Northants Enterprise Centre.

#### 2.0 Revised Revenue Budgets and Reserves Forecasts

- 2.1 The modelling for operational costs for the Enterprise Centre have been reviewed and compared against existing enterprise centres in Corby and Market Harborough. The forecasts have also been updated to reflect the operator specification. It should be noted that operational income and cost cash flows will be uncertain until the Enterprise Centre is fully opened and operating on a steady state basis. The council will regularly update its business case modelling to reflect latest intelligence throughout the construction phase and during the early years of operation. However, these are the best estimates based on current intelligence, and therefore have been incorporated into the budget.

Additionally, revenue expenditure has been identified for communication & marketing activity (£20k) and business support (£30k) within ENC to support the creation of the Enterprise Centre.

- 2.2 These changes in the revenue budgets have a knock on impact on the contribution to earmarked reserves the council is forecasted to make. Therefore, the transfer to earmarked reserves budget line has also been updated to reflect these changes.
- 2.3 The revised revenue budgets and reserves forecasts as compared to the Final MTFs are as follows:

**Table 1**

	2019/20	2020/21	2021/22	2022/23	2023/24
	Budget	Budget	Budget	Budget	Budget
	£	£	£	£	£
<b>Per Final MTFS - Other Expenditure/Adjustments</b>					
Enterprise Centre	202,341	31,195	(154,967)	(196,998)	(210,060)
Transfer to Earmarked Reserves	327,771	329,810	353,657	163,809	104,500
<b>TOTAL</b>	<b>530,112</b>	<b>361,005</b>	<b>198,690</b>	<b>(33,189)</b>	<b>(105,560)</b>
<b>Revised Final - Other Expenditure/Adjustments</b>					
Enterprise Centre	121,918	218,327	48,458	(133,392)	(170,140)
Transfer to Earmarked Reserves	408,194	142,678	150,232	100,202	64,580
<b>TOTAL</b>	<b>530,112</b>	<b>361,005</b>	<b>198,690</b>	<b>(33,190)</b>	<b>(105,560)</b>
<b>Impact on reserves forecast:</b>					
Increase/ (decrease) contribution to reserves	80,423	(187,132)	(203,425)	(63,607)	(39,920)

These budgetary changes are reflected in Revised Appendix 1 to the Final MTFS report, MTFS Summary 2019-20 – 2023-24.

### 3.0 Revised Capital Expenditure Budgets and Funding

- 3.1 Following completion of the tender process, the capital costs have been reviewed and refined. There has not been an increase in the total budget for the Enterprise Centre; however, it requires moving from the development pool into the main capital programme (subject to Council approval of agenda item 11 and pending the SEMLEP decision of LGF grant funding).
- 3.2 The figures for the 2019/20 budget are impacted by the spend in the current financial year. As such, there were changes to the capital programme and development pool in period 9 budget monitoring, where approval was obtained to move £50k into the capital programme in relation the PMQS and building design costs expected to be spent before 31<sup>st</sup> March 2019.

The revised capital programme as compared to the Final MTFS report Appendix 4, as updated by period 9 budget monitoring are as follows:

**Table 2**

<b>Per Final MTFS report - including 2018/19 spend assumptions as at period 7 monitoring report</b>				
<b>Capital Programme</b>	<b>2018/19 Budget</b>	<b>2019/20 Budget</b>	<b>2020/21 Budget</b>	<b>TOTAL Budget</b>
	£	£	£	£
Enterprise Centre	1,783,000	0	0	1,783,000
<b>Development Pool</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>TOTAL Estimate</b>
	£	£	£	£
Enterprise Centre		6,302,000	0	6,302,000
<b>TOTAL</b>	<b>1,783,000</b>	<b>6,302,000</b>	<b>0</b>	<b>8,085,000</b>

**Table 3**

Per 2018/19 period 9 monitoring report				
Capital Programme	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	TOTAL Budget £
Enterprise Centre	1,833,000			1,833,000
Development Pool	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £	TOTAL Estimate £
Enterprise Centre	1,950,000	4,302,000	0	6,252,000
<b>TOTAL</b>	<b>3,783,000</b>	<b>4,302,000</b>	<b>0</b>	<b>8,085,000</b>

**Table 4**

Amendments required to Capital Programme and Development Pool subject to the decision on the LGF grant bid				
Capital Programme	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	TOTAL Budget £
Enterprise Centre	1,389,290	6,010,910	0	7,400,200
Land at Warth Park	443,710			443,710
Development Pool	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £	TOTAL Estimate £
Enterprise Centre		156,090	85,000	241,090
<b>TOTAL Enterprise Centre</b>	<b>1,389,290</b>	<b>6,167,000</b>	<b>85,000</b>	<b>7,641,290</b>
<b>TOTAL Land at Warth Park</b>	<b>443,710</b>	<b>0</b>	<b>0</b>	<b>443,710</b>
<b>GRAND TOTAL</b>	<b>1,833,000</b>	<b>6,167,000</b>	<b>85,000</b>	<b>8,085,000</b>

These budgetary changes (from 2019/20 onwards) as detailed in table 4 are reflected in Revised Appendix 4 to the Final MTFS report, *Capital Programme*.

It should be noted that any unspent budget as at 31<sup>st</sup> March 2019 will be carried forward into 2019/20, therefore the profiling of the budget between financial years may change, however the overall expenditure budget will not increase.

- 3.3 The funding of the Enterprise Centre will be confirmed after the outcome of the SEMLEP Board on 22nd May 2019, where a decision on whether the councils LGF grant funding bid for £1.695m has been successful. The final MTFS and Treasury Management Strategy Statement incorporates the following funding package and approval for borrowing as follows:

Funding	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	TOTAL Budget £
Reserves	1,833,000	3,467,000	0	5,300,000
Borrowing	0	2,700,000	85,000	2,785,000
<b>TOTAL</b>	<b>1,833,000</b>	<b>6,167,000</b>	<b>85,000</b>	<b>8,085,000</b>

#### 4.0 Equality and Diversity Implications

4.1 There are no equality and diversity implications arising from the report.

#### 5.0 Privacy Impact Implications

5.1 There are no privacy impact implications arising from this report.

#### 6.0 Legal Implications

6.1 There are no legal implications arising from the report.

#### 7.0 Risk Management

7.1 See section 20 of the main MTFS report.

#### 8.0 Resource and Financial Implications

8.1 This report is of a financial nature and the implications are set out within the report.

#### 9.0 Constitutional Implications

9.1 The report does not require any amendment to the Council's Constitution.

#### 10.0 Implications for our Customers

10.1 This report is of a financial nature. There are no direct implications impacting on our customers.


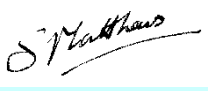

#### 11.0 Corporate Outcomes

11.1 See section 24 of the main MTFS report at agenda item 7 (b).

#### 12.0 Recommendation

12.1 Council is recommended to replace Appendix 1 – MTFS Summary 2019-20 – 2023/24 and Appendix 4 – Capital Programme from agenda item 7 (b) with the revised final Appendix 1 and 4 to incorporate the revised estimates in relation to the Enterprise Centre.

*(Reason: To ensure that the council complies with its constitution in setting its Budget)*

<b>Legal</b>	Power: Local Government Finance Act 1992, Local Government Finance Act 2012				
	Other considerations: Localism Act 2011, Local Government Act 1988				
<b>Background Papers:</b> This report is an addendum to item 7b					
<b>Person Originating Report:</b> Amy Eyles, Finance Manager, ☎ 01832 742087 ✉ aeyles@east-northamptonshire.gov.uk					
<b>Date:</b> 26/02/2019					
<b>CFO</b> 27/02/19		<b>MO</b> 27/02/19		<b>CX</b> 27/02/19	

Medium Term Financial Strategy 2019/20 to 2023/24 - FINAL revised for Enterprise Centre

Appendix 1

2018/19 Revised Budget £		2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £
1,593,566	Customer and Community Services	1,870,109	1,912,406	1,955,548	1,999,554	2,044,440
298,460	Economic and Commercial Regeneration	310,620	317,463	324,442	331,561	338,823
3,395,910	Environmental Services	3,357,942	3,387,677	3,418,006	3,448,942	3,480,496
728,703	Information Technology	847,621	757,445	772,249	787,349	802,751
1,499,800	Resources	1,714,611	1,735,827	1,757,467	1,779,541	1,802,056
1,574,304	Planning Services	1,542,039	1,499,191	1,537,087	1,575,740	1,615,167
1,120,080	Corporate and Democratic Core	1,630,936	1,702,044	1,715,924	1,730,081	1,744,522
<b>10,210,823</b>	<b>Total Service Expenditure</b>	<b>11,273,877</b>	<b>11,312,052</b>	<b>11,480,724</b>	<b>11,652,769</b>	<b>11,828,255</b>
	<b>Other Expenditure/Adjustments</b>					
<b>0</b>	Enterprise Centre	<b>121,918</b>	<b>218,327</b>	<b>48,458</b>	<b>(133,392)</b>	<b>(170,140)</b>
948,464	Transfer to Earmarked Reserves	<b>408,194</b>	<b>142,678</b>	<b>150,232</b>	<b>100,202</b>	<b>64,580</b>
1,161,592	Community Projects (New Homes Bonus)	1,098,204	976,655	892,824	731,352	731,352
(90,000)	Net Interest Received	(105,625)	(135,000)	(125,000)	(125,000)	(125,000)
<b>2,020,055</b>	<b>Total Other Adjustments</b>	<b>1,522,691</b>	<b>984,333</b>	<b>918,056</b>	<b>706,554</b>	<b>670,932</b>
<b>12,230,878</b>	<b>Total Budget Requirement</b>	<b>12,796,568</b>	<b>12,514,712</b>	<b>12,447,237</b>	<b>12,225,932</b>	<b>12,329,047</b>
	<b>Sources of Funding</b>					
(84,871)	Transfer From Collection Fund	(137,526)	0	0	0	0
(2,323,183)	New Homes Bonus	(2,196,407)	(1,953,309)	(1,785,647)	(1,462,704)	(1,462,704)
(413,931)	Revenue Support Grant	0	0	0	0	0
(33,698)	Rural Services Delivery Grant	0	0	0	0	0
(2,318,159)	Business Rates Retention Baseline	(2,493,376)	(2,493,376)	(2,493,376)	(2,493,376)	(2,493,376)
(2,710,635)	Business Rates Retention Growth	(3,551,870)	(3,622,907)	(3,695,366)	(3,769,273)	(3,844,658)
<b>(7,884,477)</b>	<b>Total Funding</b>	<b>(8,379,179)</b>	<b>(8,069,592)</b>	<b>(7,974,388)</b>	<b>(7,725,353)</b>	<b>(7,800,738)</b>
<b>(4,346,400)</b>	<b>Amount being raised through Council Tax</b>	<b>(4,417,389)</b>	<b>(4,445,119)</b>	<b>(4,472,849)</b>	<b>(4,500,579)</b>	<b>(4,528,309)</b>
31,348	Council Tax Base	31,860	32,060	32,260	32,460	32,660
-138.65	Equivalent Band D Tax Change in Council Tax (£)	-138.65	-138.65	-138.65	-138.65	-138.65
<b>0</b>	<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Denotes all lines where changes to the Enterprise Centre estimates have impacted

Capital Programme and Development Pool - FINAL Revised for Enterprise Centre

East Northamptonshire Council Capital Programme

Appendix 4

Capital Programme				2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total 2018/19 to 2027/28
				Budget	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	£
				£	£	£	£	£	£	£	£	£	£	£
	Disabled Facilities Grants		1	500,000	-	-	-	-	-	-	-	-	-	500,000
	Leisure and Tourism Projects		2	205,000	-	-	-	-	-	-	-	-	-	205,000
	Environment Projects		3	160,000	-	-	-	-	-	-	-	-	-	160,000
	Corporate Systems		4	10,000	-	-	-	-	-	-	-	-	-	10,000
	Enterprise Centre - Build		5	6,010,910	-	-	-	-	-	-	-	-	-	6,010,910
	<b>Total</b>			<b>6,885,910</b>	-	-	-	-	-	-	-	-	-	<b>6,885,910</b>

Cost Centre	Capital Project	Responsible Officer	Service	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total 2018/19 to 2027/28
				Budget	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	£
				£	£	£	£	£	£	£	£	£	£	£
JCF201	Disabled Facilities Grants	Mike Deacon		500,000	-	-	-	-	-	-	-	-	-	500,000
	<b>Disabled Facilities Grants</b>		1	<b>500,000</b>	-	-	-	-	-	-	-	-	-	<b>500,000</b>
JCJ381	Stanwick Lakes - Infrastructure	Julia Smith		198,000	-	-	-	-	-	-	-	-	-	198,000
	Twywell Hills	Julia Smith		7,000	-	-	-	-	-	-	-	-	-	7,000
	<b>Leisure and Tourism Projects</b>		2	<b>205,000</b>	-	-	-	-	-	-	-	-	-	<b>205,000</b>
JCJ371	Purchase of Wheeled Bins	Mike Deacon		80,000	-	-	-	-	-	-	-	-	-	80,000
	Warm Homes Fund	Mike Deacon		80,000	-	-	-	-	-	-	-	-	-	80,000
	<b>Environment Projects</b>		3	<b>160,000</b>	-	-	-	-	-	-	-	-	-	<b>160,000</b>
	Civica enhancement - HMRC 'Making Tax Digital'	Michelle Drewery		10,000	-	-	-	-	-	-	-	-	-	10,000
	<b>Corporate Systems</b>		4	<b>10,000</b>	-	-	-	-	-	-	-	-	-	<b>10,000</b>
JCJ625	Enterprise Centre - Build	Greg Macdonald		6,010,910	-	-	-	-	-	-	-	-	-	6,010,910
	<b>Enterprise Centre</b>		5	<b>6,010,910</b>	-	-	-	-	-	-	-	-	-	<b>6,010,910</b>
	<b>Total approved capital programme</b>			<b>6,885,910</b>	-	-	-	-	-	-	-	-	-	<b>6,885,910</b>

			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total 2018/19 to 2027/28
Development Pool			Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	£
			£	£	£	£	£	£	£	£	£	£	£
Disabled Facilities Grants			-	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,500,000
Enterprise Centre			156,090	85,000	-	-	-	-	-	-	-	-	241,090
Leisure and Tourism Projects			-	106,000	120,000	118,500	78,000	165,000	177,000	140,000	73,000	204,000	1,181,500
Environment Projects			-	120,000	120,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	800,000
Central Services Projects			24,000	20,000	30,000	-	-	-	-	-	-	-	74,000
Corporate Systems			300,641	235,650	272,800	282,800	242,915	306,480	266,480	252,108	250,108	252,108	2,662,090
Essential Maintenance			339,000	465,000	436,000	49,000	30,000	50,000	50,000	20,000	20,000	65,000	1,524,000
<b>Total</b>			<b>819,731</b>	<b>1,531,650</b>	<b>1,478,800</b>	<b>1,030,300</b>	<b>930,915</b>	<b>1,101,480</b>	<b>1,073,480</b>	<b>992,108</b>	<b>923,108</b>	<b>1,101,108</b>	<b>10,982,680</b>
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total 2018/19 to 2027/28
Development Pool	Responsible Officer	Service	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	£
			£	£	£	£	£	£	£	£	£	£	£
JCF201	Disabled Facilities Grants	Mike Deacon	-	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,500,000
<b>Disabled Facilities Grants</b>			<b>-</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>4,500,000</b>
JCJ625	Enterprise Centre - Build	Greg Macdonald	156,090	85,000	-	-	-	-	-	-	-	-	241,090
<b>Enterprise Centre</b>			<b>156,090</b>	<b>85,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>241,090</b>
	AMP - Pemberton Centre	Julia Smith	-	-	-	-	-	10,000	-	-	-	-	10,000
	AMP - Nene Centre	Julia Smith	-	-	-	15,000	-	-	-	-	-	-	15,000
	AMP - Splash Centre	Julia Smith	-	-	-	-	-	47,000	-	-	-	-	47,000
JCJ381	Stanwick Lakes - Infrastructure	Julia Smith	-	106,000	110,000	96,000	78,000	108,000	177,000	140,000	73,000	204,000	1,092,000
	Twywell Hills	Julia Smith	-	-	10,000	7,500	-	-	-	-	-	-	17,500
<b>Leisure and Tourism Projects</b>			<b>-</b>	<b>106,000</b>	<b>120,000</b>	<b>118,500</b>	<b>78,000</b>	<b>165,000</b>	<b>177,000</b>	<b>140,000</b>	<b>73,000</b>	<b>204,000</b>	<b>1,181,500</b>
JCJ371	Purchase of Wheeled Bins	Mike Deacon	-	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	720,000
	Warm Homes Fund - estimated, fund to be topped up to £80k over 3 years	Mike Deacon	-	40,000	40,000	-	-	-	-	-	-	-	80,000
<b>Environment Projects</b>			<b>-</b>	<b>120,000</b>	<b>120,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>800,000</b>
	Print Room Asset Management	Michelle Drewery	24,000	20,000	30,000	-	-	-	-	-	-	-	74,000
<b>Central Services Projects</b>			<b>24,000</b>	<b>20,000</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,000</b>
JCJ409	End User Devices (Desktops, Laptops, Tablets, Scanners)	Michelle Drewery	143,125	-	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	318,125
JCJ414	Data Infrastructure Equipment (Data Centre & Council Offices)	Michelle Drewery	5,000	30,000	55,000	5,000	5,000	55,000	5,000	5,000	5,000	5,000	175,000
JCJ423	Security Systems	Michelle Drewery	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
JCJ416	Licences	Michelle Drewery	107,641	110,000	112,000	114,000	116,000	118,000	120,000	122,000	122,000	124,000	1,165,641
	CRM Replacement	Michelle Drewery	20,000	-	-	20,000	-	-	20,000	-	-	-	60,000
	Business Transformation Resource	Michelle Drewery	9,000	-	-	-	-	-	-	-	-	-	9,000
	ESRI - GIS Upgrade	Michelle Drewery	-	-	10,000	-	-	10,000	-	-	-	-	20,000
	Website Replacement	Michelle Drewery	-	-	-	25,000	-	-	-	-	-	-	25,000
JCJ621	ICT Transformation - Capital Projects	Michelle Drewery	10,875	90,650	90,800	88,800	91,915	93,480	91,480	95,108	93,108	93,108	839,324
<b>Corporate Systems</b>			<b>300,641</b>	<b>235,650</b>	<b>272,800</b>	<b>282,800</b>	<b>242,915</b>	<b>306,480</b>	<b>266,480</b>	<b>252,108</b>	<b>250,108</b>	<b>252,108</b>	<b>2,662,090</b>
	AMP - Rushden Centre	Greg Macdonald	5,000	50,000	90,000	-	-	30,000	-	-	-	15,000	190,000
	AMP - East Northamptonshire House	Greg Macdonald	314,000	95,000	326,000	29,000	10,000	-	30,000	-	-	30,000	834,000
	AMP - Industrial Units	Greg Macdonald	-	300,000	-	-	-	-	-	-	-	-	300,000
	AMP - Contingency	Greg Macdonald	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	200,000
<b>Essential Maintenance</b>			<b>339,000</b>	<b>465,000</b>	<b>436,000</b>	<b>49,000</b>	<b>30,000</b>	<b>50,000</b>	<b>50,000</b>	<b>20,000</b>	<b>20,000</b>	<b>65,000</b>	<b>1,524,000</b>
<b>Total Development Pool</b>			<b>819,731</b>	<b>1,531,650</b>	<b>1,478,800</b>	<b>1,030,300</b>	<b>930,915</b>	<b>1,101,480</b>	<b>1,073,480</b>	<b>992,108</b>	<b>923,108</b>	<b>1,101,108</b>	<b>10,982,680</b>