

Dorchester Markets Joint Informal Panel 25th January 2023 Financial Outturn Projection 2022/23 & Proposed Budget 2023/24

For Decision

Portfolio Holder: Cllr L Beddow, Customer and Community Services

Executive Director: J Sellgren, Executive Director of Place

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Report Status: Public

Recommendation:

That Members of the Panel note the current projected outturn position for 2022/23 and approve the 2023/24 budget proposals.

Reason for Recommendation:

The Panel need to monitor the financial performance of the markets and agree a budget for 2023/24.

1. Executive Summary

Markets in Dorchester have operated since Anglo Saxon times and are prescriptive. Under an agreement dated 1984 the markets are managed by Dorset Council for the benefit of Dorset Council and Dorchester Town Council with operational oversight carried out by the Dorchester Markets Joint Informal Panel. The Markets income and expenditure is held within the accounts of Dorset Council. The Panel receives a report on the annual budget and the annual outturn.

2. Financial Implications

As detailed in the report

3. Well-being and Health Implications

None

4. Climate implications

None

5. Other Implications

None

6. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: LOW as the fall in income was anticipated

Residual Risk: MEDIUM as there could be a further loss of income

7. Equalities Impact Assessment

None

8. Appendices

Appendix 1 – Budget 2023/24

9. Background Papers

Management Accounts from Market Operator – currently received figures up to end of Q1 2022/23.

10. Projected Outturn 2022/23 (Appendix 1, Column C)

10.1 The total projected expenditure is forecast to be marginally over budget, currently looking at a potential cost of £44,889 against a budget of £44,313. The main reason behind the slight overspend is due to increased Electricity costs in relation to the monthly Npower bills, following the wider overall increase in utility costs seen during the previous year. This has been reflected in the assumed 2023/24 budget, provisionally allocating a 30% uplift (in line with Dorset Council's budgetary approach to utility costs). The projected outturn assumes that the full £19,600 R&M (Repairs & Maintenance) budget will be spent. Although current R&M actuals are minimal, it is assumed the unspent R&M budget will be transferred into the earmarked R&M reserve at year end (as per 2021/22, and prior, outturns).

- 10.2 There is projected to be a significant deficit on the gross income budget. Current projections indicate potential income of £133,729, against a budget of £166,379. However, it needs noting that as at the time of writing, Dorset Council has only received Management Accounts information from the Market operator, Ensors, up to the end of Quarter 1 (30th June 2022) for 2022/23. As a result, it is assumed that the proportion of the gross income budget relating to Ensors - £69,000 (£48,000 relating to the Dorchester Market Operation, and £21,000 relating to the Car Boot), will see a projected income deficit of ~£19,000. This is based on £16,612, being the net income due to the Market Panel at end of Q1 2022/23. Historically, Q1 income would typically represent around a third of the total annual income. Net income from this contract is considerably lower in Q1 2022/23 when compared to the Q1 2021/22 figure. For context, the 2021/22 outturn saw a strong recovery from the Covid-19 pandemic, with Market operator income slightly exceeding the budget, although Car Boot income was slightly under budget. Overall, there was a ~£4,700 income budget deficit in 2021/22 in relation to the Market operator contract.
- 10.3 It is currently anticipated that there will be a shortfall of £12,987 in relation to the Cornhill Traders income, based on the agreed rental premium reduction covering 2022/23. Cornhill Traders income is budgeted at £25,974 for 2022/23, and it is expected that half of this amount will be received.
- 10.4 The other sources of income are mostly expected to come in or around on budget during 2022/23, including the rents for the Corn Market & Café, and the full budget of £49,755 is anticipated in respect of the allowance for Fairfield parking income.
- 10.5 Overall, this means the sum available for distribution to the panel is forecast to be £88,840, against a net budget of £122,066. The relevant shares would be split as follows: Dorset Council - £49,290 (against a budget of £67,058), Dorchester Town Council - £26,541 (against a budget of £36,108) and transfer to the Car Boot Reserve of £13,010 (against a budget of £18,900).

11. Budget 2023/24 (Appendix 1, Column D)

- 11.1 The proposed expenditure budget is £45,332. This represents a minor increase on the approved expenditure budget for 2022/23, set at £44,313. The increase is due to inflationary increases on the Electricity and Water budget lines. The prevailing Dorset Council budget guidance, used in the

preparation of 2023/24 budgets, doesn't provide for general inflation on expenditure budget lines, with the exception of utility costs (30% on Gas & Electricity, and 6% on Water).

- 11.2 The proposed income budget is £173,267, up from £166,379 agreed for 2022/23. The Dorset Council income budget guidance for 2023/24 is to assume increases of 5% on all Fees & Charges income budgets. This principle has been applied to the Market Operators (Ensors) and Fairfield Car Park income lines. Cornhill Traders income budget has been frozen at the 2022/23 level, pending further clarification on the premium going forward, while the Corn Market and Café income levels are based on their respective individual agreements – a slight increase to the income budget.
- 11.3 This means the budgeted surplus for distribution is £127,935, with Dorset Council due £70,259 and Dorchester Town Council £37,832. The budgeted top up to the Car Boot reserve would be £19,845.

Footnote:

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.