

**Sir George Staunton Country Park Joint Management Committee**

**28 February 2011**

**Item 5**

**Budget Position 2010/11**

**Report of the Treasurer**

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**1 Introduction**

- 1.1 This report presents the financial performance of the Park as at the end of January 2011.
- 1.2 In summary, visitor numbers to date have fallen short of the budgeted number by over 9%, which has led to reduced income figures. To offset this, the Park Manager has reduced expenditure to minimal levels. This has enabled the Park to forecast a small operating surplus in the year, which will be less than planned for in the budget. This, however, depends on income during the last two months of the financial year being at the average for the past three years.

**2 2010/11 Performance to date**

- 2.1 After allowing for the outsourcing of catering in the Tea Rooms (which accounted for £116k expenditure in 2009/10, and £23k in 2010/11) total expenditure in the first ten months of the current financial year is £46k lower when compared with the same period last year (see Tables 1 and 2 below).
- 2.2 Expenditure in the operational and commercial sectors of the Park has been kept below the levels at the same stage of the previous year (see Table 1 below). Expenditure in Management has risen by £12k due mainly to the £9.5k bill for waste water and a £6.4k backdated gas bill. The savings in other areas have been made across all budget headings.

	<b>2010/11</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
Management	302,228	291,838
Ornamental Farm	89,035	88,228
Parkland	89,390	101,615
Gardens & Glasshouses	86,742	88,110
Education & Volunteers	53,819	60,814
Gift Shop	114,075	121,776
Conference & Events	-183	29,239
Catering	23,176	116,398
<b>TOTAL</b>	<b>758,282</b>	<b>898,018</b>

*Table 1: Expenditure by activity to January*

- 2.3 The summary breakdown of expenditure by category is set out in Table 2 below. All categories show savings when compared to last year except for Premises where the increase has been incurred through the backdated bills for gas and waste water. The reduction of £53k in the costs of employees results from restructuring and vacancy management. The fall of £85k in the Supplies and Services is due mainly to the outsourcing of catering in the Tea Rooms.

	<b>2010/11</b> £	<b>2009/10</b> £
Employees	476,909	530,091
Premises	79,595	63,731
Transport and Plant	47,734	65,251
Supplies and Services	154,044	238,945
<b>TOTAL</b>	<b>758,282</b>	<b>898,018</b>

*Table 2: Expenditure by category to January*

- 2.4 Table 3 (below) shows a significant drop in total income received due mainly to catering being outsourced. When catering is taken out, there is a rise of nearly £25k in overall income which is due to all the partner contributions being received earlier this year (£23k) and to the early receipt of the education grant from Portsmouth Water. This masks the slight fall in Entrance income, and the significant drop in Sales income due to fewer visitors during the year. The increase in Other Fees and Charges consists of a reduction in income from recreational activities and events, offset by an improvement in receipts from room hire and educational visits.

	<b>2010/11</b> £	<b>2009/10</b> £
Partner contributions	245,808	222,968
Other Grants, sponsorships, etc	52,660	34,435
Sales	102,887	117,589
Entrance Charges	276,011	279,867
Catering	8,215	118,268
Other Fees and Charges	59,343	57,036
<b>TOTAL</b>	<b>744,924</b>	<b>830,163</b>

*Table 3: Income by category to January*

- 2.5 Although visitor numbers in the period have fallen by over 9%, the income from entrance charges has dropped by only 1.4% . This is largely due to an increase in the sale of memberships and the Culture-all passport. However, shop sales have fallen by 12.5% in the period which implies that not only are fewer visitors coming through the gate, but they are spending less. This pattern is expected to repeat itself when the caterers disclose their turnover figures from the Tea Rooms. This is symptomatic of the current economic climate.

### **3 2010/11 Forecast Outturn**

- 3.1 Nothing is being taken for granted in the remainder of the financial year. Expenditure will be constrained to essential items only, but a considerable amount of income must be received in the final few weeks if the deficit in reserves is not to be worsened.
- 3.2 The main focus of income generation over the next few months will be membership and recreational income streams. An increase in these areas should drive an improvement in secondary income from the shop and Tea Rooms. The new source of income from car parking charges may also come into effect before the end of the financial year which would help to ease the situation.
- 3.3 There will be a promotion of the membership scheme in February and March which should realise a surge in membership sales. This will have a knock-on effect on attracting additional secondary income through the shop and Tea Rooms.
- 3.4 Looking at the last three years, after taking out the income earned from the Tea Rooms (when it was run as an inhouse operation), the average income received by the Park in the final two months of the year has been £150k. If this amount of income was received this year the Park would achieve the forecast outturn shown in Appendix A.
- 3.5 The Park needs to do much better than last year in the final two months to return a surplus.

#### **4 Looking Ahead**

- 4.1 These are difficult times for the Park, with the challenges of keeping within a very tight budget, and generating more income.
- 4.2 The capital investment that is now occurring will provide new attractions in the Park, and extend the visitor season. The new income streams that will arise from this investment from next financial year onwards will go a long way to secure the future of the Park.
- 4.3 Throughout all this, the continuing support of the partners is critical to the ongoing success of the Park. Members are again urged to actively seek out and secure additional revenue and capital financial assistance for this invaluable community resource.

#### **RECOMMENDATIONS**

1. That the report be noted.

2010/11: FORECAST OUTTURN

Management	Operations and Education						Commercial				Total Net Budget	
	Ornamental Farm	Landscaped Gardens & Parkland	Gardens & Glasshouses	Education	Entrance	Total	Gift Shop	Conference and Events	Catering	Total		
£	£	£	£	£	£	£	£	£	£	£	£	
<b>Expenditure</b>												
Employees	164,200	74,600	94,300	86,200	58,700	0	313,800	74,200	0	15,700	89,900	567,900
Premises	77,700	100	3,000	2,400	0	0	5,500	0	0	200	200	83,400
Transport & Plant	33,200	3,100	5,000	5,200	200	0	13,500	100	-2,000	0	-1,900	44,800
Supplies & Services	74,800	29,400	1,400	3,100	4,000	0	37,900	51,900	1,800	7,200	60,900	173,600
Gross Expenditure	349,900	107,200	103,700	96,900	62,900	0	370,700	126,200	(200)	23,100	149,100	869,700
<b>Income</b>												
Entrance Charges							0				0	0
Sales and Other Charges	20,700	30,100	23,700	10,600	75,300	352,000	491,700	92,700	6,900	13,200	112,800	625,200
Partner Contributions	245,808						0				0	245,808
Total Income	266,508	30,100	23,700	10,600	75,300	352,000	491,700	92,700	6,900	13,200	112,800	871,008
<b>Net Expenditure</b>	83,392	77,100	80,000	86,300	(12,400)	(352,000)	(121,000)	33,500	(7,100)	9,900	36,300	(1,308)
<b>Revised Budget:</b>	92,329	69,700	78,400	86,800	21,000	(395,300)	(139,400)	25,200	(12,500)	6,000	18,700	(28,371)
Variance:	8,937	(7,400)	(1,600)	500	33,400	(43,300)	(18,400)	(8,300)	(5,400)	(3,900)	(17,600)	(27,063)

**Funded by**

Hampshire County Council	226,492
East Hampshire District Council	6,102
Havant Borough Council	12,436
Horndean Parish Council	578
Rowlands Castle Parish Council	463
	<u>246,071</u>

**Reserve Account**

Balance at 1 April 2010	(116,773)
add: Interest	0
	<u>(116,773)</u>
less: transfer (to)/from revenue	1,308
Balance at 31 March 2011	<u>(115,465)</u>