

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Sir George Staunton Country Park Joint Management Committee
Date:	28 November 2011
Title:	Revised Budget 2011/12 and Proposed Forward Budget 2012/13
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Report From:	Report of the Treasurer

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1 Introduction

- 1.1 This report presents the 2011/12 revised budget for Sir George Staunton Country Park for 2011/12 and a proposed forward budget for 2012/13. These budgets are summarized in Appendix A.
- 1.2 Appendix B details the 2011/12 revised budget based on operational areas of the park.
- 1.3 Appendix C details the 2012/13 draft forward budget. This indicates the anticipated contributions from the Partner Authorities and a breakdown of the operational elements of the budget.
- 1.4 To summarise, 2011/12 financial year to date income received across most headings is slightly down compared to the same period last year. To compensate, expenditure has been tightly controlled. Assuming that this continues there should be a substantial surplus this year. Achieving this is obviously dependent on an increase in visitor income.

2 2011/12 Performance to date

- 2.1 The first seven months of the current financial year compare favourably with the same period last year. Total expenditure to date is below the figure for the same period last year. This is mainly due to vacancy management, which has had a knock on impact on other expenditure.
- 2.2 All the figures in the tables below should be viewed as a guide only, as there will be month-on-month variations due to bills being paid and income being received at different times each year. The exception to this

is employees expenditure, which is incurred regularly throughout the year.

- 2.3 Expenditure in the operational and commercial sectors of the Park has been kept below the levels of spend for the same period last year (see Table 1 below). Expenditure on catering has reduced considerably following Wings taking over the tea rooms and there should therefore be no further expenditure in this area, unless there is a breakdown of equipment.

	2010/11 £	2011/12 £
Management	219,205	203,255
Ornamental Farm	66,823	60,638
Parkland	63,636	57,590
Gardens & Glasshouses	59,875	55,192
Education & Volunteers	38,899	38,738
Gift Shop	89,861	93,331
Conference & Events	1,434	280
Catering	19,222	6,616
TOTAL	558,955	515,640

Table 1: Expenditure by activity from April to October

- 2.4 The summary breakdown of expenditure by category is set out in Table 2 below. All categories show reductions in expenditure to date compared with last year, despite the increased expenditure incurred on the Wildlife Zone project. The large reduction in employee costs is due to the reduced spend on the Marketing Officer, this reduction will not be repeated next year.

	2010/11 £	2011/12 £
Employees	339,643	305,730
Premises	56,484	53,403
Transport and Plant	31,135	27,453
Supplies and Services	131,693	129,054
TOTAL	558,955	515,640

Table 2: Expenditure by category from April to October

- 2.5 Total income to date appears to be in line with last year. However, there are variances within the categories. All partner contributions have been received this year, which shows a drop in contributions of £19,209. Total sales are slightly down on last year's figure but this is likely to be due to the timing of banking income. Income from entrance charges is 3% up on last year to date and it has been anticipated that this increase will continue this year.

	2010/11 £	2011/12 £
Partner Contributions	245,808	226,599
Other Grants & Sponsorships	6,385	37,810
Sales	96,274	95,714
Entrance Charges	241,705	248,404
Other Fees and Charges	58,812	58,879
TOTAL	648,984	667,406

Table 3: Income by category from April to October

3 2011/12 Revised Budget

- 3.1 The original budget for 2011/12 included growth in visitor numbers and visitor income. The revised budget has been set taking into account the most recent actual income and expenditure position, and is set out in Appendix B.
- 3.2 The projected surplus of £30,799 in this budget will substantially reduce the reserve deficit if it is achieved. It is important to generate a surplus to make a contribution to paying off the deficit in reserves that arose in 2009/10. If this level of surplus can be repeated for the next two years, the reserves will be in a strong surplus position by the end of March 2013/14.
- 3.3 There is a significant reduction in the staffing budget due to the tea rooms being taken over by Wings catering franchise, rather than it being provided in-house and further one off savings due to the Marketing Officer costs only falling in part of the year. It is envisaged that they will return full time in 2012/13.
- 3.4 Supplies and services costs have increased by £35,200, this includes the costs of the Wildlife Zone, for which grant funding has been received from HATS and is included in the revised income targets.
- 3.5 Income targets have been reviewed and prudently revised resulting in a reduction in the income from entrance charges, however up to date information on visitor numbers is encouraging. Income from sales and other charges have been increased resulting in a budgeted increase in income overall. All projections reflect the performance in the first half of the year.
- 3.6 The installation of the car parking meters in late August, although later than anticipated, has boosted income for other charges, with the full year effect due in 2012/13.

- 3.7 The Park team continue to do all they can to maximise income whilst keeping expenditure restricted to essential work. This should increase the contribution to reserves at the end of the year.
- 3.8 The projected surplus of £30,799 in the revised budget is achievable assuming no unplanned major works are required on the site or severe weather conditions force the Park to close. The Park Management Team will continue to keep expenditure in check, and do all they can to ensure that income streams are either sustained or improved. However, much depends upon increasing the visitor numbers in the remainder of the year.

4 2012/13 Forward Revenue Budget

- 4.1 The budget figures for 2012/13 are outlined in Appendix C.
- 4.2 The major variations from the 2011/12 revised budget are as follows:

Employees (+£41,700)

The rise in staff costs is due to staff annual increments and the return of the Marketing Officer. The use of casual and temporary staff continues to be restricted.

Premises (-£400)

An increase in utility costs has been included in this budget to reflect the rise in energy costs, however all other premises costs have been kept to a minimum, resulting in a small reduction in the budget of £400. The park continues to carry out essential works only or to make improvements where it can be seen that income generation will be improved.

Transport and Plant (-£1,500)

The 2011/12 budget includes a small reduction in costs due to more efficient use of vehicles.

Supplies and Services (-£21,500)

The large reduction in supplies and services costs is mainly as a result of the reduction in grant income, as the Wildlife Zone project will be completed in 2011/12. However all other areas of spend have been reduced where prudently possible.

Income (+£19,500)

The overall income budget shows a healthy increase when compared against the 2011/12 revised budget, this is despite the expected reduction on partner contributions of 8%, resulting in an £18k reduction in contributions. Grants and sponsorships is budgeted to reduce by £16k for Education, although all sources of funding will be explored. The budget for Entrance Charges has been increased to reflect anticipated additional visitors and

members. All other earned income has been adjusted to reflect prudent estimates.

- 4.3 With members requiring that contributions remain below 50% of the Park's gross expenditure the table below highlights how the contributions continue to drop as a percentage of the gross expenditure from 57% in 1998/99 to 22.5% in 2012/13, despite expenditure increasing by 135% between 1998/99 and 2012/13. This clearly indicates the success of the income generation achieved by the commercial operation of the Park. The figures for 2011/12 and 2012/13 are budgeted figures only.

	<u>Gross Expenditure</u> £	<u>Partner Contributions</u> £	<u>%</u>
1998/99	393,771	224,699	57.1
1999/00	388,115	220,489	56.8
2000/01	426,114	205,889	48.3
2001/02	469,601	313,889	66.8
2002/03	507,249	205,834	40.6
2003/04	604,114	207,243	34.3
2004/05	737,610	212,700	28.8
2005/06	832,880	219,082	26.3
2006/07	888,968	225,653	25.4
2007/08	942,615	230,793	24.5
2008/09	1,112,963	236,962	21.3
2009/10	1,033,919	242,776	23.5
2010/11	865,485	245,808	28.4
2011/12	908,400	226,599	24.9
2012/13	926,700	208,471	22.5

Table 4: Partner Contributions as % of Expenditure

5 Looking Ahead

- 5.1 The Park continues to face difficult times and must continue to adapt to the changing needs of the public. The main challenge is to keep within a very tight expenditure budget, whilst increasing income and maintaining and updating the facilities to encourage additional visitors, and encourage those visitors to spend freely while they are here.
- 5.2 With the continued recruitment freeze the Park has been unable to recruit temporary staff to backfill for absent staff or recruit to vacant posts. This puts an enormous pressure on the remaining staff and severely restricts the ability to bid for external funding and to implement any projects that this additional funding would be secured for.
- 5.3 With the new Wildlife Zone due for completion this year and the installation of a new indoor play area it is anticipated that entrance

charge income could increase by 15%. 2012/13 will also benefit from the full year effects of the new parking meters.

- 5.4 The reserve deficit continues to be underwritten by Hampshire County Council. A financial priority for the Park is to pay this off as soon as possible, to this end every effort is being made to keep costs to a minimum whilst supporting activities to raise further income.
- 5.5 The partner authorities continue to feel the financial pressure following the Government's reduction of Local Authority funding. On this basis the Park must seek alternative sources of income or it runs the risk of jeopardising the financial viability of the Park.
- 5.6 The nature of the Park inevitably means there are unexpected pressures on the budget for equipment failure, or problems with the infrastructure. Consequently, any additional income streams, whether one off or continuing would help to ease the operational finances of the Park.
- 5.7 The long-term future of the Park depends upon income streams being increased. To achieve this, capital investment is required to improve existing features in all areas of the Park. If partner authorities could assist in securing capital funding for projects to enhance the variety of activities and value of the Park, this type of funding will help ensure the future of the Park.
- 5.8 The support of the partners is critical, in the current economic climate, to the continued success of the Park. Members are urged to persuade their Authorities to agree or increase, if possible, the requested funding levels, and
to actively seek out and secure additional revenue and capital financial assistance for this invaluable community resource.

RECOMMENDATIONS

1. That the revised budget for 2011/12 as shown in Appendices A and B be approved.
2. That the partner contributions for 2012/13 as shown in Appendices A and C be approved.
3. That the budget for 2012/13 as shown in Appendices A and C be approved.
4. That members seek additional revenue and capital funding from their Authorities to help ensure the future of the Park.

SIR GEORGE STAUNTON COUNTRY PARK

Appendix A

REVENUE BUDGET

Outturn 2009/10		Original Budget 2011/12 £	Revised Budget 2011/12 £	Variance 2011/12 £	Forward Budget 2012/13 £
	Expenditure				
567,342	Employees	578,600	554,200	24,400	595,900
82,632	Premises	76,300	83,200	(6,900)	82,800
44,575	Transport & Plant	43,300	47,000	(3,700)	45,500
<u>170,936</u>	Supplies & Services	<u>188,800</u>	<u>224,000</u>	<u>(35,200)</u>	<u>202,500</u>
865,485	Gross Expenditure	887,000	908,400	(21,400)	926,700
	Income				
341,964	Entrance Charges	403,700	390,700	13,000	417,300
<u>295,059</u>	Other Charges (incl Events)	<u>274,300</u>	<u>321,900</u>	<u>(47,600)</u>	<u>332,900</u>
<u>637,023</u>	Total Income	<u>678,000</u>	<u>712,600</u>	<u>(34,600)</u>	<u>750,200</u>
228,462	Net Expenditure	209,000	195,800	13,200	176,500
<u>17,346</u>	Transfer to/(from) reserve	<u>23,045</u>	<u>30,799</u>		<u>31,971</u>
<u>245,808</u>	Total to be financed by Local Authorities	<u>232,045</u>	<u>226,599</u>		<u>208,471</u>
	Funded by				
226,492	Hampshire County Council	213,582	208,373		191,703
6,102	East Hampshire District Council	5,754	5,754		5,294
12,436	Havant Borough Council	11,727	11,727		10,789
578	Horndean Parish Council	545	545		501
200	Rowlands Castle Parish Council	437	200		184
<u>245,808</u>		<u>232,045</u>	<u>226,599</u>		<u>208,471</u>
	Reserve Account				
(116,773)	Balance at 1 April	(89,570)	(99,427)		(68,628)
<u>0</u>	add: Interest	<u>(2,239)</u>	<u>0</u>		<u>0</u>
(116,773)		(91,809)	(99,427)		(68,628)
<u>17,346</u>	less: transfer (to)/from revenue	<u>23,045</u>	<u>30,799</u>		<u>31,971</u>
<u>(99,427)</u>	Balance at 31 March	<u>(68,764)</u>	<u>(68,628)</u>		<u>(36,657)</u>

Integral Appendix B

REVISED BUDGET 2011/12

	Management	Operations and Education					Commercial				Total	
	Management & Marketing	Ornamental Farm	Landscaped Gardens & Parkland	Gardens & Glasshouses	Membership & Entrance	Education & Community	Total	Gift Shop	Conference and Events	Catering	Total	Net Budget
	£	£	£	£	£	£	£	£	£	£	£	£
Expenditure												
Employees	166,100	76,000	84,400	87,900		66,200	314,500	73,600	0	0	73,600	554,200
Premises	65,100	400	9,000	6,200		1,000	16,600	500	0	1,000	1,500	83,200
Transport & Plant	25,700	8,700	7,800	4,500		300	21,300		0		0	47,000
Supplies & Services	76,800	31,900	2,000	9,700	4,000	39,200	86,800	48,000	400	12,000	60,400	224,000
Gross Expenditure	333,700	117,000	103,200	108,300	4,000	106,700	439,200	122,100	400	13,000	135,500	908,400
Income												
Entrance Charges					390,700		390,700				0	390,700
Sales and Other Charges	11,000	33,300	54,000	16,300		99,500	203,100	87,000	2,800	18,000	107,800	321,900
Partner Contributions	226,599						0				0	226,599
Total Income	237,599	33,300	54,000	16,300	390,700	99,500	593,800	87,000	2,800	18,000	107,800	939,199
Net Expenditure	96,101	83,700	49,200	92,000	(386,700)	7,200	(154,600)	35,100	(2,400)	(5,000)	27,700	(30,799)
Transfer to/(from) reserve												30,799
												0

Funded by

Hampshire County Council	208,373
East Hampshire District Council	5,754
Havant Borough Council	11,727
Horndean Parish Council	545
Rowlands Castle Parish Council	200
	<u>226,599</u>

Reserve Account

Balance at 1 April 2011	(99,427)
add: Interest	0
	<u>(99,427)</u>
less: transfer (to)/from revenue	30,799
Balance at 31 March 2012	<u>(68,628)</u>

SIR GEORGE STAUNTON COUNTRY PARK

Appendix C

FORWARD BUDGET 2012/13

Management	Operations and Education						Commercial				Total
	Ornamental Farm	Landscaped Gardens & Parkland	Gardens & Glasshouses	Membership & Entrance	Education & Community	Total	Gift Shop	Conference and Events	Catering	Total	Net Budget
£	£	£	£	£	£	£	£	£	£	£	£
Expenditure											
Employees	187,100	78,100	96,200	86,500	72,300	333,100	75,700	0	0	75,700	595,900
Premises	64,800		9,000	5,500		15,500	1,000	500	1,000	2,500	82,800
Transport & Plant	30,200	3,000	7,800	3,500		14,800		500		500	45,500
Supplies & Services	84,600	30,700	2,000	10,800		55,700	52,500	1,500	8,200	62,200	202,500
Gross Expenditure	366,700	111,800	115,000	106,300	0	419,100	129,200	2,500	9,200	140,900	926,700
Income											
Entrance Charges				417,300		417,300				0	417,300
Sales and Other Charges	12,000	34,400	69,900	16,000		204,900	85,000	15,000	16,000	116,000	332,900
Partner Contributions	208,471					0				0	208,471
Total Income	220,471	34,400	69,900	16,000	417,300	622,200	85,000	15,000	16,000	116,000	958,671
Net Expenditure	146,229	77,400	45,100	90,300	(417,300)	(203,100)	44,200	(12,500)	(6,800)	24,900	(31,971)
Transfer to/(from) reserve											31,971
											0

Funded by

Hampshire County Council	191,703
East Hampshire District Council	5,294
Havant Borough Council	10,789
Horndean Parish Council	501
Rowlands Castle Parish Council	184
	<u>208,471</u>

Reserve Account

Balance at 1 April 2011	(68,628)
add: Interest	0
	<u>(68,628)</u>
less: transfer (to)/from revenue	31,971
Balance at 31 March 2012	<u>(36,657)</u>