

Committee/Panel:	Sir George Staunton Country Park Joint Management Committee
Date:	6th February 2014
Title:	Financial Update Report
Reference:	5546
Report From:	Report of the Honorary Treasurer and Park Manager

Contact name: Jane Lovett, Finance Business Partner - CCBS
 Kerry Bailey, Countryside Park Business Manager

Tel: 01962 847518 **Email:** Jane.Lovett@hants.gov.uk
 02392 453405 Kerry.Bailey@hants.gov.uk

1 Introduction

1.1 The purpose of this report is to give members a brief update on the 2013/14 and 2014/15 financial position and the external auditor's issues arising report for 2012/13.

2 2013/14 Forecast Outturn

2.1 The projected Outturn position is set out in Appendix A and is based on actual income and expenditure to date and known and predicted future activity.

2.2 The current projection is for the Park to return a surplus of £85,607. This is £2,837 greater than reported in December 2013.

2.3 The following small variations from the revised budget are predicted:

- Employee costs are expected return a saving of £12,000 compared with the revised budget. This is the result of staff changes and vacancies within the Parkland Ranger and administration teams, which will be recruited to later in 2013/14.
- Premises cost are expected to exceed the budget by £1,400, as a result of higher than anticipated increases in utility costs. All non-essential premises costs have been held back to reduce the inflationary effect of rising gas and electricity charges.

- Transport and plant costs are forecast to underspend against budget by £2,400 due to eliminating reducing all unnecessary costs. Staff are using site vehicles to travel wherever possible and sharing cars to keep staff travel costs to a minimum.
- Supplies and services costs are expected to exceed the revised budget by £8,700. This is a result of increased charges for payments made by debit and credit cards of £1,000, the renewal of the car park machine annual maintenance contract at a cost of £2,000 and the repair of existing machines costing £2,500.
- The Partnership contribution from Rowlands Castle Parish Council will not be received in 2013/14, following their withdrawal from the Partnership, without formal notice.

3 Looking Ahead 2014/15

- 3.1 The year ahead will continue to present challenges, but with greater budgetary control, these should be easier to overcome. The revenue budget for 2014/15 is outlined in Appendix A and C and includes unidentified savings of £39,630.
- 3.2 This budget has already absorbed a number of pressures including provision for past service pension costs of £31,900 and reduced partner contributions of £40,184.
- 3.3 A number of potential ways to make savings are currently being explored to cover the budget shortfall, which include:
- Staunton membership £4 price increase £20,000
 - Full year savings from staff changes £7,700
 - Share Education Officer post with QECP 50/50 £16,250
- £43,950

These options need further work and discussion and are linked to other related matters. Additional options will also continue to be sought.

4 External Audit Issues Arising Report

- 4.4 Following the audit of the small bodies return for the Park's 2012/13 accounts, the external auditor raised some issues which are set out below, together with officer responses.

Point Raised

- Bank Account - The amount held by HCC as the host authority is exceeded by payments made on behalf of the Park.

Officer's Response

- As the JMC approved a three year plan to recover the deficit, this point should be noted and no further action is required.

Point Raised

- Internal Audit - The Park does not comply with the Accounts and Audit (England) Regulations 2011 which requires authorities to follow proper internal audit procedures. The practitioners guide states that the internal audit should be undertaken annually.

Officer's Response

- The external audit team make reference to the Guide that states '*Local Council's must at least once a year carry out a review of internal audit and include the results in the annual governance statement which is Part 2 of the return*'. This reference actually refers to the 'annual effectiveness of internal audit' which is presented to the County Council's Audit Committee annually. The guidance is much more about a risk based and proportionate approach to internal audit which is what is adopted.
- The result of that risk assessment is that Staunton is 'low priority'. Audit resource is directed towards medium and high priority reviews and establishments such as Staunton would not routinely be visited. However, an approach was previously agreed with the Audit Commission to implement a review of small bodies in which establishments would be fully reviewed on a cyclical basis and where appropriate reliance would be placed on assurance work carried out on corporate systems (payroll, main accounting, bank reconciliation etc.) used by the small bodies to avoid duplication and additional cost to the individual establishments.
- The external auditor has been asked if he will accept our previously approved approach and if not to justify the necessity for change in methodology and associated cost to Staunton.

Point Raised

- Risk Assessment - The Auditor accepts that a risk assessment is carried out by the host authority and that minutes of meetings during the year indicate that business risk matters are monitored. However the body has not minuted these as being referenced to risk. The auditor also requires that it be minuted that all Members have approved the risk assessment.

Suggested Response

- No change in the approach to risk is required however Officers will have to ensure that when business risk matters are considered by the JMC that they are appropriately minuted.

Point Raised

- Fixed Assets - The value of fixed assets are being recorded as depreciated each year. Assets should be recorded at cost value until they are scrapped or disposed of.

Officer's Response

- This prompted a review of what had been classified as fixed assets on the return. In the main they related to the play barn and had been included in error as they are Hampshire County Council assets and should not have been included. Other assets could be argued were 'revenue' and not 'capital'. There will therefore not be any assets on the 2013/14 return so it will not be necessary to adopt a different asset accounting methodology for Staunton to that previously undertaken.

5 RECOMMENDATIONS

- 5.1 That the Committee supports the work being undertaken to identify the savings required in 2014/15.
- 5.2 That the Committee support the Officer responses to the Issues Arising report from the external auditor for 2012/13.

Sir George Staunton Country Park - 2013/14 Forecast Outturn

Outturn 2012/13 £		Revised Budget 2013/14 £	Actuals as at 24/12/2013 £	Forecast Outturn 2013/14 £	Budget/Outturn Variance 2013/14 £	Forward Budget 2014/15 £
	Expenditure					
539,750	Employees	536,500	407,874	524,468	(12,032)	608,300
85,747	Premises	124,900	71,018	126,300	1,400	115,700
48,508	Transport & Plant	47,400	27,531	45,000	(2,400)	43,800
252,870	Supplies & Services	240,300	148,189	249,000	8,700	195,800
0	Savings to be identified	0	0	0	0	(39,630)
926,875	Gross Expenditure	949,100	654,612	944,768	(4,332)	923,970
	Income					
414,198	Entrance/Membership Charges	476,600	393,712	476,600	0	476,600
302,340	Other Charges (incl Events)	347,300	454,257	345,989	(1,311)	279,400
716,538	Total Income	823,900	847,969	822,589	(1,311)	756,000
210,337	Net Expenditure	125,200	(193,357)	122,179	(3,021)	167,970
(1,866)	Transfer to/(from) reserve	82,770	401,143	85,607		0
208,471	Total to be financed by Local Authorities	207,970	207,786	207,786		167,970
	Funded by					
191,703	Hampshire County Council	191,703	191,703	191,703		151,703
5,294	East Hampshire District Council	5,294	5,294	5,294		5,294
10,789	Havant Borough Council	10,789	10,789	10,789		10,789
501	Horndean Parish Council	0	0	0		0
184	Rowlands Castle Parish Council	184	0	0		184
208,471		207,970	207,786	207,786		167,970
	Reserve Account					
(80,280)	Balance at 1 April	(82,146)		(82,146)		624
0	add: Interest	0		0		0
(80,280)		(82,146)		(82,146)		624
(1,866)	plus: transfer (to)/from revenue	82,770		85,607		0
(82,146)	Balance at 31 March	624		3,461		624