

Report

Committee/Panel:	Sir George Staunton Country Park Joint Management Committee
Date:	17th October 2014
Title:	Budget Monitoring and Forecast Outturn 2014/15
Reference:	6146
Report From:	Report of the Honorary Treasurer and Park Manager

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Introduction

- 1.1 The purpose of this report is to present the members with an update of the current budget monitoring position, which is summarized in Appendix A by income and expenditure categories. The report also provides details of the 2014/15 revised budget for approval. The outturn position for 2013/14 is included for comparison purposes.
- 1.2 The Outturn Forecast is further analysed by operational areas of the park in Appendix B. The previous budget shortfall has been found, and a surplus for 2014/15 of £8,000 is now predicted on the provision that income targets are reached. This surplus is mainly attributable to reductions in staff costs of £46,000.
- 1.3 The 2015/16 forward budget will be set later in the financial year, following the production of the memberships and pricing policy report. It is proposed to present the 2015/16 budget at the January 2015 meeting.

2 2014/15 Performance to date

- 2.1 The financial performance in the first five months of 2014/15 shows a clear reduction in costs. Expenditure in April to August has decreased compared to 2013/14 by £75,000 largely attributable to employee costs and lower spend in supplies and services.
- 2.2 Whilst employee expenditure shows a direct comparison, as it is incurred regularly throughout the year, all other income and expenditure comparisons contained in the tables below should be viewed as a guide, as variations in billing and payment dates will occur. With fewer grant

aided projects in 2014/15 spend on supplies and services has reduced accordingly.

- 2.3 All operational and commercial sectors of the Park have incurred reduced expenditure when compared with last year. (see Table 1 below).

	2013/14 £	2014/15 £	Increase/ (Decrease)
Management	123,916	104,838	(19,078)
Ornamental Farm	62,821	50,135	(12,686)
Parkland	39,758	37,436	(2,322)
Gardens & Glasshouses	40,047	36,572	(3,475)
Education & Volunteers	38,237	25,299	(12,938)
Gift Shop	103,719	79,490	(24,229)
Catering	1,337	675	(662)
TOTAL	409,835	334,446	(75,390)

Table 1: Expenditure by activity from April to August

- 2.4 A further breakdown of expenditure comparison is set out in Table 2 below, which compares expenditure by category. All categories of expenditure have reduced when compared to 2013/14 with the exception of a minimal increase in premises costs. Staff costs at this point are lower this year due to current vacancies. Sewerage charges have trebled and transport hire costs have increased. *[note for Chairman's meeting - both are being investigated and the reasons identified before the final report is dispatched]*. Shop purchases for resale are £23,000 lower than in the same period in the previous year to keep stock turnover at a more reasonable level and reduce the level of stock written off.

	2013/14 £	2014/15 £	Increase/ (Decrease)
Employees	230,544	203,639	(26,905)
Premises	41,321	41,996	675
Transport and Plant	17,229	14,602	(2,627)
Supplies and Services	120,741	74,208	(46,533)
TOTAL	409,835	334,445	(75,390)

Table 2: Expenditure by category from April to August

- 2.5 Income to date is £15,000 higher than the same period of 2013/14, an increase of 2.6%. The Hampshire County Council reduced its contribution in 2014/15 by £40,000 in line with the budget. Whilst visitor numbers are 8,000 below budget and 4,000 lower than 2013/14, the main income categories affected by visitor numbers have produced an increase year on year of £56,000. Sales have increased by £1,000 and entrance charges by £55,000, which equates to a 16.9% increase. Income from entrance charges is 21% higher than last year to date, which includes memberships up by 14%, Culture All passes 2% and entrance charges 27%.

	2013/14 £	2014/15 £	Increase/ (Decrease)
Partner Contributions	191,703	151,703	(40,000)
Other Grants & Sponsorships	20,699	11,618	(9,081)
Sales	78,610	79,605	995
Entrance/Membership Charges	255,739	311,377	55,638
Other Fees and Charges	30,630	38,622	7,992
TOTAL	577,381	592,925	15,544

Table 3: Income by category from April to August

3 2014/15 Outturn Forecast

- 3.1 To conform to the new system and processes adopted by Hampshire County Council a Forecast Outturn will be produced on a monthly basis. This forecast will replace the Revised Budget, which in future will be called the Outturn Forecast (OTF). The OTF is set out in Appendix A and B and is based on actual income and expenditure to date, known and predicted future activity.
- 3.2 In the OTF a surplus of £8,000 is predicted at this stage in the year, which will be added to the reserves.
- 3.3 Employee costs are expected to reduce by £46,000 due to a number of posts continuing to remain vacant. The Park Manager is currently working on a revised staffing structure which will reinstate some of the vacancies whilst sharing this additional resource with Queen Elizabeth Country Park. The OTF for staff includes the cost of living pay award of 1% and the employer's pension contribution which has increased by 6.3% following the pension actuary valuation.
- 3.4 Premises costs are expected to exceed the budget by £18,900. Utility costs are currently expected to remain within budget, however this might change following ongoing discussions with HC3S regarding how costs and surpluses for the Café are paid and apportioned. Expenditure on contract cleaners is likely to exceed the budget by £4,000. The balance of Single Farm Payment (SPS) funding of £16,000 has been reimbursed to Staunton, following the completion of the works in June 2014, to replace fencing on Portsmouth Water land and the rear car park. The Chinese Herb Garden, the Walled Garden and the Rose Gardens are currently in need of renovating. To complete this work the Park originally planned to make a draw of £11,000 from reserves in 2014/15 to redesign these gardens, however as the Park is predicting an in year surplus this scheme will be funded from the surplus.
- 3.4 Transport and plant costs are expected to return a small saving against the budget of £2,500. This will be achieved by ensuring staff travel in the most cost efficient way, car sharing wherever possible.

- 3.5 Supplies and services costs are expected to be £30,800 over budget in 2014/15. This is due to the removal of the unidentified savings included in the original budget to meet a balanced budget. These savings have been found from increased savings and other expenditure reductions. An additional provision of £10,000 for marketing to run more marketing campaigns including Hampshire Top Attractions is also included in this increase, following the return of the Marketing Officer. This additional funding aims to encourage more visitors to the Park, particularly during the low season.
- 3.6 Income is expected to exceed the revised budget by £43,000. This is due to the increase in membership and admission fees, which is partially offset by reduced visitor numbers. Memberships are expected to exceed the budget by £15,000 along with an additional £15,000 for admissions. The latest projection from HC3S catering concession is £5,000 return to the Park. Lettings income has increased by £6,000 following a recent agreement with Highbury College to relocate its animal care practical courses to the conference room at the Park.

4 Looking Ahead

- 4.1 In 2015/16 Hampshire County Council will be reducing its contribution to the Park by a further £40,000 as part of the programme to achieve the aim to make its Parks 'self-financing'.
- 4.2 The 2015/16 budget will be produced over the next few months alongside a pricing report from the Park manager for the admission and membership fees for 2015/16. Whilst the Park needs to keep costs to a minimum, some areas of the Park will need additional work to ensure the Park can continue to attract visitors.

5 Reserves

- 5.1 The OTF predicts a surplus of £8,500 to be added to the reserves leaving the reserves at £115,400 at 31st March 2015.

RECOMMENDATIONS

1. That the Outturn Forecast for 2014/15 contained in Appendices A and B be approved.

**CORPORATE OR LEGAL INFORMATION:
Links to the Corporate Strategy**

Hampshire safer and more secure for all:	No
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	Yes
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;

- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by the proposals in this report.

2. Impact on Crime and Disorder:

2.1. This report does not deal with any issues relating to crime and disorder.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

The contents of this report have no impact on carbon footprint or energy consumption

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable to this report.

SIR GEORGE STAUNTON COUNTRY PARK - 2014/15 Forecast Outturn

Appendix A

Actuals 2013/14 £		Original Budget 2014/15 £	Actuals as at 31/8/2014 £	Forecast Outturn 2014/15 £	Budget/Outturn Variance 2014/15 £
Expenditure					
513,849	Employees	608,300	203,639	546,500	(61,800)
104,581	Premises	115,700	41,996	134,600	18,900
35,299	Transport	43,800	14,602	46,300	2,500
216,101	Supplies & Services	195,800	74,208	226,600	30,800
0	Savings to be identified	(39,630)	0	0	39,630
<u>869,830</u>	Gross Expenditure	<u>923,970</u>	<u>334,445</u>	<u>954,000</u>	<u>30,030</u>
Income					
517,422	Entrance Charges	(476,600)	(311,377)	(506,600)	(30,000)
333,708	Sales and Other Charges (incl Events)	(279,400)	(129,731)	(288,100)	(8,700)
<u>851,130</u>	Total Income	<u>(756,000)</u>	<u>(441,108)</u>	<u>(794,700)</u>	<u>(38,700)</u>
18,700	Net Expenditure	167,970	(106,663)	159,300	(8,670)
189,086	Transfer to/(from) reserve	0		8,486	
<u>207,786</u>	Total to be financed by Local Authorities	<u>167,970</u>		<u>167,786</u>	
Funded by					
191,703	Hampshire County Council	151,703		151,703	0
5,294	East Hampshire District Council	5,294		5,294	0
10,789	Havant Borough Council	10,789		10,789	0
0	Rowlands Castle Parish Council	184		0	184
<u>207,786</u>		<u>167,970</u>		<u>167,786</u>	<u>184</u>
Reserve Account					
(82,146)	Balance at 1 April	624		106,940	
189,086	add: transfer (to)/from revenue	0		8,486	
<u>106,940</u>	Balance at 31 March	<u>624</u>		<u>115,426</u>	

OUTTURN FORECAST 2014/15

Management	Operations and Education						Commercial				Total	
Management & Marketing	Ornamental Farm	Landscaped Gardens & Parkland	Gardens & Glasshouses	Membership & Entrance	Education & Community	Total	Gift Shop Trading	Conference and Events	Catering	Total	Net Budget	
£	£	£	£	£	£	£	£	£	£	£	£	
Expenditure												
Employees	139,500	86,700	85,300	86,000	75,600	60,000	393,600	13,400	0	0	13,400	546,500
Premises	106,700	0	0	15,900	0	12,000	27,900	0	0	0	0	134,600
Transport & Plant	30,000	3,000	10,100	3,200	0	0	16,300	0	0	0	0	46,300
Supplies & Services	102,800	39,200	12,600	12,300	0	9,600	73,700	48,100	0	2,000	50,100	226,600
Gross Expenditure	379,000	128,900	108,000	117,400	75,600	81,600	511,500	61,500	0	2,000	63,500	954,000
Income												
Entrance Charges	0	0	0	0	506,600	0	506,600	0	0	0	0	506,600
Sales and Other Charges	6,100	30,000	42,000	13,100	0	98,900	184,000	90,000	0	8,000	98,000	288,100
Partner Contributions	167,786	0	0	0	0	0	0	0	0	0	0	167,786
Total Income	173,886	30,000	42,000	13,100	506,600	98,900	690,600	90,000	0	8,000	98,000	962,486
Net Expenditure	205,114	98,900	66,000	104,300	(431,000)	(17,300)	(179,100)	(28,500)	0	(6,000)	(34,500)	(8,486)

Funded by

Hampshire County Council	151,703
East Hampshire District Council	5,294
Havant Borough Council	10,789
Rowlands Castle Parish Council	0
	<u>167,786</u>

Reserve Account

Balance at 1 April 2014	106,940
add: Interest	0
	<u>106,940</u>
Add: transfer (to)/from revenue	8,486
Balance at 31 March 2015	<u>115,426</u>