

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

**10 November 2010**

**Revised Budget 2010/11 and Proposed Forward Budget 2011/12**

**Report of the Treasurer**

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**1 Introduction**

- 1.1 This report presents the revised budget for the Park for the current year (2010/11) and a draft forward budget for next year (2011/12).
- 1.2 Appendix A summarises the original and revised budget for the current financial year (2010/11) and the proposed budget for next year (2011/12).
- 1.3 Appendix B breaks the revised budget down into its operational elements.
- 1.4 Appendix C presents the draft forward budget for 2011/12 broken down into its operational elements, and includes the proposed contributions from the Partner Authorities.
- 1.5 In summary, income received to date across most headings is slightly down compared to the same period last year. To compensate, expenditure has been tightly controlled, so barring unforeseen circumstances there should be a small surplus this year. This, however, is highly dependant on a significant increase in visitor income.

**2 2010/11 Performance to date**

- 2.1 The first seven months of the current financial year compare favourably with the same period last year. Total income and expenditure to date are down, due mainly to vacancy management and the outsourcing of the catering operation in the Tea Rooms.
- 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 at the same period of the previous year (see Table 1 below). The exception to this is Management where the increase is largely due to a backdated bill of £9.5k for waste water, and to the costs of Staunton Live being coded to this budget rather than the Conference & Events budget. Expenditure on catering has reduced considerably following Wings taking over the Tea Rooms at the end of March.

	<b>2009/10</b> <b>£</b>	<b>2010/11</b> <b>£</b>
Management	214,339	219,864
Ornamental Farm	66,927	66,822
Parkland	72,865	63,636
Gardens & Glasshouses	63,866	59,875
Education & Volunteers	39,043	38,899
Gift Shop	114,320	113,520
Conference & Events	25,464	1,434
Catering	94,762	19,222
<b>TOTAL</b>	<b>691,586</b>	<b>583,272</b>

*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 savings when compared to last year except for Premises due to the backdated bill of £9.5k for waste water, and increased expenditure on energy. Fewer hires of plant have led to the savings in Transport and Plant. The contracting out of the Tea Rooms catering is the prime reason for the underspend in Supplies and Services.

	<b>2009/10</b> <b>£</b>	<b>2010/11</b> <b>£</b>
Employees	386,016	339,643
Premises	43,945	57,411
Transport and Plant	51,744	31,135
Supplies and Services	209,881	155,083
<b>TOTAL</b>	<b>691,586</b>	<b>583,272</b>

*Table 2: Expenditure by category from April to October*

- 2.5 Total income to date appears to be holding up well, all things considered. However, there are variances within the categories. All partner contributions have been received this year, whereas only Hampshire County Council's contribution had been received last year. We are still awaiting the Single Farm Payment under the Grant heading in the current year. Total sales are down on last year's figure due in part to the lower visitor numbers, but the Farm and Estate produce is selling better than last year. Income from Entrance

Charges includes £15k from educational visits in the current year, compared to £9k last year; hence, there is a real fall in visitor income of about £6k which reflects the drop in visitor numbers. The drop in Other Fees and Charges is mainly due to the lost gross income from catering at the Tea Rooms, which accounted for £100k at this time last year.

	<b>2009/10</b> £	<b>2010/11</b> £
Partner contributions	222,968	245,808
Other Grants & Sponsorships	18,023	8,351
Sales	84,644	77,256
Entrance Charges	256,736	256,956
Other Fees and Charges	137,326	42,516
<b>TOTAL</b>	<b>719,697</b>	<b>630,887</b>

*Table 3: Income by category from April to October*

### **3 2010/11 Revised Budget**

- 3.1 The original budget was set to include growth in visitor numbers and income for the 2010/11 financial year. The revised budget has been set taking into account all the factors outlined in Section 2 above, and is set out in Appendix B.
- 3.2 The surplus of £28,371 in this budget is identical to the Amended Budget presented to this committee in July. It is important to generate a surplus to make a contribution to paying off the deficit in reserves that arose in 2009/10. This needs to be repeated every year.
- 3.3 There have been further savings identified in staff costs, and minor savings in Transport and Plant which have helped to offset the unexpected bill for waste water.
- 3.4 Income targets have been reviewed and revised resulting in a reduction in the income from entrance charges due to the slightly lower visitor numbers to date. On the other hand, income from sales and other charges have been increased to compensate, reflecting the performance in the first half of the year.
- 3.5 Other expenditure is being restricted to essential work only in order to increase the contribution to reserves at the end of the year, and the Park team will do all they can to maximise the income streams over the remaining months of the year.
- 3.6 The surplus of £28,371 in the revised budget remains realistic. It is to be hoped that the appalling weather in the last quarter of 2009/10 will not be repeated. If expenditure continues to be held down, and the

income pattern of the last five months in 2008/09 are repeated in 2010/11, the budgeted contribution to reserves will be met. 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 driving up the visitor numbers and increasing membership in the remainder of the year.

#### **4 2011/12 Revenue Budget**

- 4.1 The figures for 2011/12 are outlined in Appendix C.
- 4.2 The Employees budget has been set with the same complement of staff as in 2010/11. The rise in staff costs is due to annual increments and the additional payment of £250 to everyone who earns under £21,000 which was pledged by the Coalition Government. Although inflation on non-salary budgets has been forecast at an average of 2.5%, the forward budget has been based on the 2010/11 Revised Budget with the inflationary increases being absorbed.
- 4.3 The Comprehensive Spending Review indicates a reduction of 26% in Local Authority funding over the next 4 years, but front-loaded to the first two years. In order to bear a share of this, it is proposed that the partner contributions requested are, therefore, cut by 8% after allowing for an inflationary increase of 2.5%. This equates to a net reduction of 5.7% and the resulting contributions are shown towards the bottom of Appendix C.
- 4.4 The major variations from the 2010/11 revised budget are as follows:

##### **Employees (+£6,500)**

The rise in staff costs is due to annual increments and the additional payment of £250 to everyone who earns under £21,000 which was pledged by the Coalition Government. The use of casual and temporary staff, will continue to be restricted.

##### **Premises (-£3,700)**

Despite the rise in energy costs, the Premises budget has been reduced due mainly to the absence of the one-off cost incurred in 2010/11 for the backdated waste water bill, and the restriction of expenditure to essential work only.

##### **Transport and Plant (+£1,100)**

The 2011/12 budget includes an inflationary increase for fuel costs.

##### **Supplies and Services (-£5,000)**

This reduction is largely due savings in equipment and advertising costs.

##### **Income (-£6,426)**

The overall income budget shows a slight decrease on the 2010/11 revised budget. The budget for Entrance Charges has been increased slightly in anticipation of additional visitors and members. A forecast reduction in grants and sponsorships has caused the income earned by Gardens and Education respectively, to fall. All other earned income has been prudently held at the 2010/11 levels. The partner contributions have fallen by £14k as outlined in paragraph 4.3 above.

- 4.5 Members may recall from several years ago the aspiration to reduce the contributions from the partners to below 50% of the Park's gross expenditure. Table 4 (below) shows how the contributions have dropped as a percentage of the gross expenditure from 57% in 1998/99 to 23% in 2009/10. It is interesting to note that although gross expenditure has risen by 163% between 1998/99 and 2009/10, the total partner contributions have risen by only 8.0% in cash terms (not allowing for inflation). This is an indicator of the success of the Business Plan, and the significance of the income derived from the commercial operations at the Park. The figures for 2010/2011 and 2011/2012 are budgeted figures not outturn figures.
- 4.6 Although the percentage share appears to be rising from the current year onwards, this is largely down to the outsourcing of the catering contract meaning that the costs of catering no longer appear in the Park's accounts.

	<u>Gross Expenditure</u> £	<u>Partner Contribution</u> £	%
1998/1999	393,771	224,699	57.1
1999/2000	388,115	220,489	56.8
2000/2001	426,114	205,889	48.3
2001/2002	469,601	313,889	66.8
2002/2003	507,249	205,834	40.6
2003/2004	604,114	207,243	34.3
2004/2005	737,610	212,700	28.8
2005/2006	832,880	219,082	26.3
2006/2007	888,968	225,653	25.4
2007/2008	942,615	230,793	24.5
2008/2009	1,112,963	236,962	21.3
2009/2010	1,033,919	242,776	23.5
2010/2011	888,100	246,071	27.7
2011/2012	910,045	232,045	25.5

Table 4: Partner Contributions as % of Expenditure

## 5 Looking Ahead

- 5.1 These are difficult times for the Park. Against a background of impending national austerity and shrinking disposable income, the challenge is to keep within a very tight budget, attract new visitors, and encourage those visitors to spend freely while they are here.
- 5.2 The reserve deficit is currently underwritten by Hampshire County Council, and it remains a financial priority for the Park to pay this off as soon as possible.
- 5.3 The partner authorities are already feeling the financial pressure following the Government's announcement to reduce Local Authority funding by 26% over the next four years. As with all public services the Park must seek alternative sources of income. Failure to do so could jeopardise the financial viability of the Park.
- 5.4 Currently, the revenue budget pays for maintenance of the Park's infrastructure in the pay zone and the free zone. The diverse nature of the infrastructure inevitably means there are unexpected and expensive calls on this budget, due to water leaks, boiler breakdowns, or problems with the glasshouse or farm. Consequently, any additional contribution to the revenue budget would help to ease the operational finances of the Park.
- 5.5 The long term future of the Park depends upon income streams being increased in terms of both value and variety. This can be achieved through targeted capital investment which would enhance and improve existing features in all areas of the Park, or release the potential of some of the under-used assets of the Estate. Any assistance from the partner authorities in securing funding for capital projects would greatly enhance the future of the Park.
- 5.6 The support of the partners is critical to the ongoing success of the Park, and Members are advised to consider every alternative source of income in the light of the current economic climate. Members are, therefore, urged to persuade their Authorities to agree to – or increase - 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 2010/11 as shown in Appendices A and B be approved.
2. That the partner contributions for 2011/12 as shown in Appendices A and C be approved.
3. That the budget for 2011/12 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

	Original Budget 2010/11 £	Revised Budget 2010/11 £	Variance 2010/11 £	Forward Budget 2011/12 £
<b>Expenditure</b>				
Employees	707,000	572,100	134,900	578,600
Premises	70,000	80,000	(10,000)	76,300
Transport & Plant	54,300	42,200	12,100	43,300
Supplies & Services	216,400	193,800	22,600	188,800
Gross Expenditure	1,047,700	888,100	159,600	887,000
<b>Income</b>				
Entrance Charges	387,100	395,300	(8,200)	403,700
Other Charges (incl Events)	423,900	275,100	148,800	274,300
Total Income	811,000	670,400	140,600	678,000
<b>Net Expenditure</b>	236,700	217,700	19,000	209,000
Transfer to/(from) reserve	9,371	28,371		23,045
Total to be financed by Local Authorities	246,071	246,071		232,045
<b>Funded by</b>				
Hampshire County Council	226,492	226,492		213,582
East Hampshire District Council	6,102	6,102		5,754
Havant Borough Council	12,436	12,436		11,727
Horndean Parish Council	578	578		545
Rowlands Castle Parish Council	463	463		437
	246,071	246,071		232,045
<b>Reserve Account</b>				
Balance at 1 April	(18,238)	(116,773)		(89,570)
add: Interest	(456)	(1,168)		(2,239)
	(18,694)	(117,941)		(91,809)
less: transfer (to)/from revenue	9,371	28,371		23,045
Balance at 31 March	(9,323)	(89,570)		(68,764)

## SIR GEORGE STAUNTON COUNTRY PARK

## Appendix B

REVISED BUDGET 2010/11

Management	Operations and Education							Commercial				Total
	Ornamental Farm	Landscaped Gardens & Parkland	Gardens & Glasshouses	Volunteer Scheme	Sponsorship	Education	Total	Gift Shop	Conference and Events	Catering	Total	Net Budget
£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Expenditure</b>												
Employees	174,000	72,400	88,400	86,300		59,000	306,100	77,200	0	14,800	92,000	572,100
Premises	67,800		4,700	5,000			9,700	1,000	500	1,000	2,500	80,000
Transport & Plant	29,300	2,000	4,900	5,000		500	12,400		500		500	42,200
Supplies & Services	85,200	29,700	600	2,100		7,500	39,900	62,000	1,500	5,200	68,700	193,800
Gross Expenditure	356,300	104,100	98,600	98,400	0	0	67,000	368,100	140,200	2,500	21,000	888,100
<b>Income</b>												
Entrance Charges					395,300		395,300				0	395,300
Sales and Other Charges	17,900	34,400	20,200	11,600		46,000	112,200	115,000	15,000	15,000	145,000	275,100
Partner Contributions	246,071						0				0	246,071
Total Income	263,971	34,400	20,200	11,600	0	395,300	507,500	115,000	15,000	15,000	145,000	916,471
<b>Net Expenditure</b>	92,329	69,700	78,400	86,800	0	(395,300)	21,000	(139,400)	25,200	(12,500)	6,000	(28,371)
Transfer to/(from) reserve												28,371
												0

**Funded by**

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

**Reserve Account**

Balance at 1 April 2010	(116,773)
add: Interest	(1,168)
	<u>(117,941)</u>
less: transfer (to)/from revenue	28,371
Balance at 31 March 2011	<u>(89,570)</u>

## SIR GEORGE STAUNTON COUNTRY PARK

## Appendix C

FORWARD BUDGET 2011/12

Management	Operations and Education							Commercial				Total
	Ornamental Farm	Landscaped Gardens & Parkland	Gardens & Glasshouses	Volunteer Scheme	Sponsorship	Education	Total	Gift Shop	Conference and Events	Catering	Total	Net Budget
£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Expenditure</b>												
Employees	184,500	75,200	92,200	86,900		61,900	316,200	77,900	0	0	77,900	578,600
Premises	62,800		5,500	5,500			11,000	1,000	500	1,000	2,500	76,300
Transport & Plant	30,200	2,000	5,000	5,100		500	12,600		500		500	43,300
Supplies & Services	83,200	29,700	600	2,100		6,500	38,900	60,000	1,500	5,200	66,700	188,800
Gross Expenditure	360,700	106,900	103,300	99,600	0	0	378,700	138,900	2,500	6,200	147,600	887,000
<b>Income</b>												
Entrance Charges					403,700		403,700				0	403,700
Sales and Other Charges	17,800	34,400	15,500	11,600		50,000	111,500	115,000	15,000	15,000	145,000	274,300
Partner Contributions	232,045						0				0	232,045
Total Income	249,845	34,400	15,500	11,600	0	403,700	515,200	115,000	15,000	15,000	145,000	910,045
<b>Net Expenditure</b>	110,855	72,500	87,800	88,000	0	(403,700)	(136,500)	23,900	(12,500)	(8,800)	2,600	(23,045)
Transfer to/(from) reserve												23,045
												0

**Funded by**

Hampshire County Council	213,582
East Hampshire District Council	5,754
Havant Borough Council	11,727
Hordean Parish Council	545
Rowlands Castle Parish Council	437
	<u>232,045</u>

**Reserve Account**

Balance at 1 April 2011	(89,570)
add: Interest	(2,239)
	<u>(91,809)</u>
less: transfer (to)/from revenue	23,045
Balance at 31 March 2012	<u>(68,764)</u>