

**HAMPSHIRE COUNTY COUNCIL.
SIR GEORGE STAUNTON COUNTRY PARK.
JOINT MANAGEMENT COMMITTEE****FRIDAY 29TH JULY 2010****TREASURER'S REPORT****Contact: Mike Walls (tel: 01962 847102; email: mike.walls@hants.gov.uk)****1. Introduction**

- 1.1. The following report updates members on the current financial situation at the Park.
- 1.2. The outturn in the 2009/10 financial year was significantly worse than the budget, and saw the deficit in reserves rise to £116,773.
- 1.3. The 2010/11 financial year has started reasonably well overall with expenditure in the first quarter down on the same period last year, and income slightly up. However, given the turn of events at the end of last financial year nothing can be taken for granted. Prudence must be exercised throughout this year so that the deficit in reserves can be paid off as soon as possible. The forecast for 2010/11 is cautious due to the general economic position, and the effect this will have on visitor numbers and other income streams.

2. 2009/10 Outturn

- 2.1. The outturn is summarised in Appendix A, and shows an in-year deficit of £92,402 against a budgeted surplus of £6,133. This has increased the deficit in reserves from £24,371 to £116,773. A more detailed breakdown is shown at Appendix B.
- 2.2. Up to December 2009 the Park's financial performance was on par with that of 2008/09. This position changed in the last quarter of the year (ref Appendix C), due almost entirely to the atrocious weather (snow in January, rain during February half term, and generally adverse conditions at all other times – "the coldest winter for over thirty years"). Consequently, visitor numbers plummeted, and gate receipts and subsequent secondary spend fell as a consequence.
- 2.3. Every effort was made to restrict expenditure which ended the year £9,181 under the revised budget, and £79,044 lower than in 2008/09.

- 2.4. The underspend in expenditure over the year was mainly due to savings on utilities and grounds maintenance. There was additional expenditure in Transport and Plant on equipment for events, but these were covered by related sponsorships, grants and income
- 2.5. Total income at the year end was £107,459 (13%) under budget. Most of the shortfall was incurred in the final quarter of the year.
- 2.6. The major areas of variance are shown in Appendix C. The drop in visitor numbers in quarter 4 resulted in loss of income against the budget totalling £84,076 (through entrance income and secondary spend). Lower grant settlement from the Single Farm Payment, the transfer of the Water Festival balances and less income through events accounted for the balance of the shortfall.
- 2.7. At the January JMC the forecast outturn was based on income and expenditure in the final part of the year following a slightly reduced but similar pattern to the income and expenditure in the final quarter of 2008/09. Unfortunately, these forecasts were not fulfilled. The table below shows the expenditure and trading income in the final quarter in each of the last five years. [Note: The income figures in Table 1 exclude Grants and Partner contributions because they were received at different times in these years and were not subject to seasonal or visitor variations].

	2005/06	2006/07	2007/08	2008/09	2009/10
Total Expend	186,810	235,410	206,714	249,552	214,416
Sales	39,271	23,875	38,772	56,268	15,087
Catering	24,333	34,256	37,665	39,431	18,548
Entrance	47,216	67,542	88,674	103,857	59,488
Rents/Hires	9,847	4,850	5,866	2,538	835
Other	13,586	43,444	21,363	31,892	170
Total Income	134,253	173,967	192,340	233,986	94,128
Net Position	-52,557	-61,443	-14,374	-15,566	-120,288

Table 1: Expenditure and income in final quarter since 2005/06

- 2.8. While expenditure has been held in check, it can be seen that visitor income (ie, entrance charges, sales and catering) had been rising in previous years, and that other income (which includes recreational activities and events) had performed strongly in the final quarter of those years. The disappointment of the Park staff at the turn of events in the

spring of 2010 can be better understood when viewed from this perspective.

3. 2009/10 Performance

3.1. The tables below compare the final outturns in 2009/10 and 2008/09.

3.2. Overall 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 2 below). The exceptions to this are Education (where the additional expenditure was incurred in acquiring the temporary classroom and in refurbishing the meeting rooms in the Farmhouse) and the Gift Shop (where the additional retail space has resulted in more expenditure on stock items).

	2008/09	2009/10
Management	357,366	306,704
Ornamental Farm	119,098	108,004
Parkland	134,931	126,354
Gardens & Glasshouses	119,635	106,466
Education & Volunteers	74,313	110,783
Gift Shop	111,368	121,434
Conference & Events	35,736	23,810
Catering	160,517	130,365
TOTAL	1,112,963	1,033,919

Table 2: Expenditure by activity

3.3. The summary breakdown of expenditure by category is set out in Table 3 below. Savings were made in Employees through vacancy management, and in Supplies and Services where one-off expenditures in 2008/09 were not repeated in 2009/10. The increased expenditure in Premises is mainly due to the cost of the temporary classroom, and in Transport and Plant it is due to the purchase of a trailer, and additional costs of staging events such as the Water Festival, Play Day, Staunton Live!, and Hallowe'en.

	2008/09	2009/10
Employees	683,413	613,780
Premises	80,224	89,525
Transport and Plant	59,561	72,442
Supplies and Services	289,765	258,172
TOTAL	1,112,963	1,033,919

Table 3: Expenditure by category

3.4. Income was down in the year in the trading categories. For Sales and Entrance Charges this was entirely due to the drop in visitor numbers in the final stages of the year. The fall in income from Other Grants is due to there being some large one-off grants in 2008/09 (eg, £57k for the play equipment). The drop in income under Other Fees and Charges is due mainly to less income (£21k) from catering because of the drop in visitor numbers in the final stages of the year, and to a reduction in income from events; these have been slightly offset by increases in income from angling and bike hire.

	2008/09	2009/10
Partner contributions	236,962	242,776
Other Grants	119,848	47,041
Sales	138,335	127,441
Entrance Charges	384,502	342,875
Other Fees and Charges	215,301	181,384
TOTAL	1,094,946	941,517

Table 4: Income by category

4. 2010/11 Position

- 4.1. The budget for 2010/11 is actively under review, with the intention of significantly increasing the return to reserves and paying off the deficit. The Park management team are looking at every aspect of the Park's performance to seek improvements and efficiencies.
- 4.2. A draft amended budget is shown at Appendix D. It currently shows a contribution to reserve of £28,371. This is based on a reduced staffing structure, and efficiencies in expenditure totalling £146k in savings when compared to the 2009/10 outturn. Premises costs have been reduced because the cost of the temporary classroom will not recur in 2010/11. Efficiencies have been made by reducing the number of hired vehicles, and restricting other expenditure to only the absolute essential.
- 4.3. The income target has been reduced overall by £25k on the 2009/10 outturn. Income from entrance charges has been increased by £78.5k on the 2009/10 outturn because of predicted income from membership sales and the Culture-all passport resulting from targeted promotional activity. Other income is down due to no income from gross sales in the Tea Room because of the new catering contract, and slightly lower forecasts for grants, educational visits and shop sales.
- 4.4. Like-for-like trading income during the first three months of the financial year compare favourably with the first three months of 2009/10.

- 4.5. Expenditure is still being reined in without adversely affecting the visitor experience.
- 4.6. The deficit in reserves is being underwritten by the Hampshire County Council, but this situation cannot continue without a plan to eradicate the deficit and build up a significant surplus in reserves in the next few years. The management team at the Park are currently working on this. However, the difficulties in doing so in the current economic climate should not be under-estimated, and there will have to be some radical measures undertaken. It is hoped that the target contribution to the reserve deficit will be increased at the next JMC.
- 4.7. The Office of National Statistics has recently published the results of a survey which showed that consumer expenditure on culture and recreational activities has already been curtailed, and this is expected to continue as the recession bites deeper.
- 4.8. In addition to the savings and efficiencies already outlined above, the Park management team and staff are continually reviewing operating procedures to further reduce expenditure.
- 4.9. The effect of the poor performance in the last part of the 2009/10 financial year demonstrated how the viability of the Park is dependent on visitor numbers and associated income. There will be a marketing campaign to promote the Park, with the intention of increasing membership numbers and driving visitor numbers up.
- 4.10. However, the core running costs of the Park still rely heavily on the partners' contributions. Members are, therefore, urged to increase their annual contributions, and seek new sources of funding for the Park from other budgets within their Local Authorities.

5. Recommendation

- 5.1. That the JMC note the content of this report.

Section 100 D – Local Government Act 1972 – background papers

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report. NB this list excluded:

- 1. Published works.
- 2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE	FILE
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None	*
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SIR GEORGE STAUNTON COUNTRY PARK

Appendix A

REVENUE PERFORMANCE 2009/10

Outturn 2008/09	Revised Budget 2009/10 £	Outturn 2009/10 £	Variance 2009/10 £
Expenditure			
683,413	612,000	613,780	(1,780)
80,224	105,500	89,525	15,975
59,561	74,000	72,442	1,558
<u>289,765</u>	<u>251,600</u>	<u>258,172</u>	<u>(6,572)</u>
1,112,963	1,043,100	1,033,919	9,181
Income			
375,422	360,400	329,317	31,083
<u>482,562</u>	<u>445,800</u>	<u>369,424</u>	<u>76,376</u>
857,984	806,200	698,741	107,459
254,978	236,900	335,178	
<u>(18,016)</u>	<u>6,133</u>	<u>(92,402)</u>	
<u>236,962</u>	<u>243,033</u>	<u>242,776</u>	
Funded by			
218,240	223,696	223,696	0
5,737	6,027	6,027	0
11,982	12,282	12,282	0
557	571	571	0
446	457	200	(257)
<u>236,962</u>	<u>243,033</u>	<u>242,776</u>	<u>(257)</u>
Reserve Account			
(6,142)	(24,371)	(24,371)	
<u>(213)</u>	<u>0</u>	<u>0</u>	
(6,355)	(24,371)	(24,371)	
<u>(18,016)</u>	<u>6,133</u>	<u>(92,402)</u>	
<u>(24,371)</u>	<u>(18,238)</u>	<u>(116,773)</u>	

OUTTURN 2009/10

	Management	Operations and Education						Commercial				Total Net Budget	
		Ornamental Farm	Landscaped Gardens & Parkland	Gardens & Glasshouses	Volunteer Scheme	Sponsorship	Education	Total	Gift Shop	Conference and Events	Catering		Total
	£	£	£	£	£	£	£	£	£	£	£	£	£
Expenditure													
Employees	156,931	71,592	92,010	90,890	0	0	61,185	315,677	62,370	72	78,730	141,172	613,780
Premises	62,380	316	829	5,517			18,632	25,294	843	0	1,008	1,851	89,525
Transport	1,165	15,210	30,140	5,398	444			51,192	0	20,085	0	20,085	72,442
Supplies & Services	86,228	20,886	3,375	4,660	830		29,692	59,443	58,222	3,652	50,627	112,501	258,172
Gross Expenditure	306,704	108,004	126,354	106,466	1,274	0	109,509	451,606	121,434	23,810	130,365	275,609	1,033,919
Income													
Entrance Charges	16,465	98,791	98,806	98,791			16,465	312,852				0	329,317
Sales and Other Charges	4,767	3,404	9,561	50	1,200	1,108	66,894	82,217	125,642	24,812	131,985	282,440	369,424
Partner Contributions	242,776							0				0	242,776
Total Income	264,008	102,195	108,367	98,841	1,200	1,108	83,359	395,069	125,642	24,812	131,985	282,440	941,517
Net Expenditure	42,696	5,809	17,987	7,625	74	(1,108)	26,150	56,537	(4,208)	(1,003)	(1,620)	(6,830)	92,402
Revised Budget:	37,567	(20,400)	4,100	(6,200)	(12,300)	(2,200)	21,800	(15,200)	(10,300)	(5,000)	(13,200)	(28,500)	(6,133)
Variance:	(5,129)	(26,209)	(13,887)	(13,825)	(12,374)	(1,092)	(4,350)	(71,737)	(6,092)	(3,997)	(11,580)	(21,670)	(98,535)

Funded by

Hampshire County Council	223,696
East Hampshire District Council	6,027
Havant Borough Council	12,282
Horndean Parish Council	571
Rowlands Castle Parish Council	200
	<u>242,776</u>

Reserve Account

Balance at 1 April 2009	(24,371)
add: Interest	<u>0</u>
	(24,371)
less: transfer (to)/from revenue	<u>(92,402)</u>
Balance at 31 March 2010	<u>(116,773)</u>

Staunton Expenditure and Income Breakdown for 2009/10

Appendix C

	Period 1-9	Period 10-12	Total	Budget	Variance		Notes
					£	%	
Employees							
Salaries + oncosts	476,233	135,147	611,380	610,100	(1,280)	-0.21%	
Other	7,892	(5,493)	2,399	1,900	(499)	-26.26%	
Total	484,125	129,654	613,779	612,000	(1,779)	-0.29%	
Premises							
Maintenance	6,424	3,402	9,826	23,000	13,174	57.28%	Expenditure curtailed throughout the year
Utilities, Rates, Cleaning and Refuse	51,372	7,292	58,664	81,100	22,436	27.66%	Major savings in utilities (£13.5k) and cleaning (£7k)
Hire of Classroom	0	18,632	18,632	0	(18,632)		Transferred in from Supplies and Services ("Other")
Other	2,020	382	2,402	1,400	(1,002)	-71.57%	
Total	59,816	29,708	89,524	105,500	15,976	15.14%	
Transport							
Plant	41,004	(1,695)	39,309	41,600	2,291	5.51%	Essential spend on fencing and Gardening equipment
Vehicles and Travel	20,952	12,180	33,132	32,400	(732)	-2.26%	
Total	61,956	10,485	72,441	74,000	1,559	2.11%	
Supplies & Services							
Equipment, Materials, Hired Services	68,298	24,353	92,651	89,900	(2,751)	-3.06%	Renovation of Farm Flat
Provisions for Tea Room and Shop	89,956	7,205	97,161	103,700	6,539	6.31%	Underspend due to low visitor numbers
Clothing/uniform	3,293	2,710	6,003	1,700	(4,303)	-253.12%	Replacement of uniforms
Office expenses, ICT, Subscriptions	24,944	5,861	30,805	28,100	(2,705)	-9.63%	Slightly higher bills
Promotions, Publicity	15,223	1,426	16,649	16,300	(349)	-2.14%	
Other	22,131	(7,225)	14,906	11,900	(3,006)	-25.26%	Audit fees for Audit Commission return
Total	223,845	34,330	258,175	251,600	(6,575)	-2.61%	
TOTAL EXPENDITURE	829,742	204,177	1,033,919	1,043,100	9,181	0.88%	
Grants							
Partner contributions	223,696	19,080	242,776	243,033	257	0.11%	Rowlands Castle PC did not pay in full
Other grants, Donations Sponsorships	33,439	24,956	58,395	65,500	7,105	10.85%	Single Farm Payment lower than expected
Total	257,135	44,036	301,171	308,533	7,362	2.39%	
Sales							
Shop	77,512	13,502	91,014	102,200	11,186	10.95%	Underachieved due to low visitor numbers
Catering/Bar	115,451	17,448	132,899	154,300	21,401	13.87%	Underachieved due to low visitor numbers
Farm Produce, Feed and Livestock	35,256	(2,920)	32,336	29,200	(3,136)	-10.74%	Coding correction in Quarter 4
Total	228,219	28,030	256,249	285,700	29,451	10.31%	
Recreation/Events/Rent/Hire							
Recreational	8,147	2,746	10,893	9,600	(1,293)	-13.47%	Angling and bike hire
Events	35,417	(7,798)	27,619	45,700	18,081	39.56%	Hampshire Water Festival figures (£7.8k) taken out
B&L, Rent, Room Hire	1,875	835	2,710	2,200	(510)	-23.18%	
Total	45,439	(4,217)	41,222	57,500	16,278	28.31%	
Entrance							
Entrance (incl guided visits)	274,859	47,968	322,827	397,500	74,673	18.79%	Visitor numbers down by 43% on 2008/09 in last quarter
Culture-All	8,528	11,520	20,048	0	(20,048)		
Total	283,387	59,488	342,875	397,500	54,625	13.74%	
TOTAL INCOME	814,180	127,337	941,517	1,049,233	107,716	10.27%	
NET OUTTURN	15,562	76,840	92,402	-6,133	(98,535)	1606.64%	

SIR GEORGE STAUNTON COUNTRY PARK

Appendix D

AMENDED 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
£	£	£	£	£	£	£	£	£	£	£	£	£	£
Expenditure													
Employees	175,800	74,800	87,300	86,300			63,100	311,500	77,300	0	14,400	91,700	579,000
Premises	56,300		6,100	6,000				12,100	1,000	500	1,000	2,500	70,900
Transport & Plant	29,300	2,000	6,000	6,100			500	14,600		500		500	44,400
Supplies & Services	78,200	29,700	600	2,100			7,500	39,900	62,000	8,500	5,200	75,700	193,800
Gross Expenditure	339,600	106,500	100,000	100,500	0	0	71,100	378,100	140,300	9,500	20,600	170,400	888,100
Income													
Entrance Charges							407,800	407,800				0	407,800
Sales and Other Charges	18,300	29,700	18,200	8,800			42,600	99,300	115,000	15,000	15,000	145,000	262,600
Partner Contributions	246,071							0				0	246,071
Total Income	264,371	29,700	18,200	8,800	0	407,800	42,600	507,100	115,000	15,000	15,000	145,000	916,471
Net Expenditure	75,229	76,800	81,800	91,700	0	(407,800)	28,500	(129,000)	25,300	(5,500)	5,600	25,400	(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	<u>(2,919)</u>
	(119,692)
less: transfer (to)/from revenue	<u>28,371</u>
Balance at 31 March 2011	<u>(91,321)</u>

