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MOUNT EDGCUMBE JOINT COMMITTEE



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30 November 2009

MOUNT EDGCUMBE JOINT COMMITTEE

TO FOLLOW

DATE: FRIDAY 4 DECEMBER 2009

TIME: 10.45 AM

PLACE: BELVEDERE ROOM, BARROW PARK CENTRE, MOUNT EDGCUMBE HOUSE, CREMYLL

Please find attached additional information for your consideration under agenda item number 6.

BARRY KEEL
KEVIN LAVERY
Joint Clerks

MOUNT EDGCUMBE JOINT COMMITTEE

6. BUDGET MONITORING 2009-10 (TO FOLLOW) (Pages 1 - 8)

The Joint Committee will receive a report on Budget Monitoring 2009-10.

**CITY OF PLYMOUTH
MOUNT EDGCUMBE JOINT COMMITTEE**

Joint Chairs: Councillor Reynolds, Plymouth City Council/
Councillor Trubody, Cornwall Council

SMT Members: Director for Community Services
Director for Corporate Support

Cornwall Council Officer: Head of Environment and Heritage Service, Cornwall
Council

Subject: Revenue and Capital Monitoring 2009/10

Committee: Mount Edgcumbe Joint Committee

Date: 4 December 2009

Author: Ian Berry, Park Manager

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Ref: ME

Part: I

Executive Summary:

This report presents an update on the financial position of the Joint Committee for financial year 2009/10.

Corporate Plan 2009-2012:

Plymouth City Council:

Corporate Improvement Priority 6: widening cultural and leisure opportunities
Corporate Improvement Priority 14: value for money/effective long term budget/asset management.

Cornwall Council: (to be confirmed)

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

The overall effect of the variations against the revenue budget listed in the report has identified a shortfall of funding requirement of £215,000 in 2009/10.

Ongoing additional costs have arisen as a result of the Job Evaluation exercise undertaken by Plymouth City Council which will require consideration as part future year budget setting. There are further costs have been identified from additional staffing requirements for the new trading operations above the level of income projected during the soft launch.

Other pressures have arisen with the need to expand the marketing budget and produce new signage as a result of branding exercise and to develop and establish income generation to the park for the future.

The challenge for the business case currently being finalised is to deliver an affordable trading operation for income streams that is aligned to the level of constituent authority support available.

The level of reserves will also affect the level of funding available in future years and will have implications for the medium Term Financial Plan.

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.

None.

Recommendations and Reasons for Recommended action:

It is recommended that the Joint Committee:

- a) notes the report.
- b) requests each constituent authority to consider additional financial support of £100,000 (per authority) to address the 2009/10 revenue shortfall, with any balance remaining at outturn to be met from Joint Committee reserves.
- c) notes overall financing for 2010/11 be reappraised following the final production of the business case.

Alternative Options Considered and reasons for recommended action:

N/A.

Background Papers: Mount Edgumbe Revenue Budget Financial update – 6 March 2009 and 31st July 2009.

Sign Off

Fin		Leg		HR		AM		IT	
Originating SMT Member									

MOUNT EDGCUMBE JOINT COMMITTEE

Mount Edgumbe Joint Committee – 4 December 2009

REVENUE AND CAPITAL BUDGET MONITORING

1. INTRODUCTION

1.1. The purpose of this report is to present to the Joint Committee the latest Mount Edgumbe revenue and capital monitoring position for 2009/10 detailing significant variations.

2. 2009/10 REVENUE MONITORING

2.1. As reported on 31st July the revenue account for Mount Edgumbe was facing a budget shortfall of £196,000 predominately due to the impact of job evaluation (equal pay exercise undertaken across Plymouth City Council wef 1st October 2007) and the soft launch of new operations. Current projections are that this situation has deteriorated with a current operating deficit for the year of £215,000 projected.

2.2. In summary this trading deficit can be split between:

- | | |
|---|-----------|
| 2.2.1. Ongoing budget pressures through Job Evaluation | £100,000 |
| 2.2.2. Trading shortfall during soft launch which need to be addressed as part of the business case proposals. | £125,000 |
| 2.2.3. Net benefit of one off grant funding to the part offset by various budget pressures arising within the year. | (£10,000) |

2.3. The main reasons for this shortfall are detailed below and summarised in Appendix A:

Staffing

2.3.1. Salary increases arising from the Job evaluation process and subsequent appeals are projected at £90,000.

2.3.2. Original projections of the cost for additional staffing for the new trading operations was £38,000, but projected costs for this financial year at £106,000 have exceeded this, broken down as follows:

	£'000
Catering Manager	30
Agency staff ~ Shop	6
Agency staff ~ Plant Sales	10
Agency staff ~ Catering	<u>60</u>
	<u>106</u>

2.3.3. Contracts for two seasonal employees have been extended to end of March at a cost of £20,000 which has been wholly financed from grant funding referred to in 2.3.14.

Premises

- 2.3.4. Utility costs are forecast to increase by £10,000 as a result of increased usage and price increases.
- 2.3.5. The premises insurance premium has increased following an assessment of the house and new trading operations following completion of the outbuilding project at a further cost of £7,000.
- 2.3.6. Whilst no budgetary pressure is shown against general maintenance of the premises and park based on spend to date it needs to be recognised that there is a greater risk of additional costs coming through in the winter months.

Transport

- 2.3.7. Current spend against vehicle running cost has already exceeded the full year budget therefore an assumption for a further £4,000 costs is projected to maintain vehicles to end of March.

Supplies & Services

- 2.3.8. Equipment costs are anticipated to exceed budget as a result of a £5,000 spend fitting out the Orangery for new trading operation in 2010 and signage costs of £16,000 as identified by the Re-branding report being presented at this Joint Committee.
- 2.3.9. Approval was previously sought from Joint Committee on 1st August 2008 to appoint a Commercial Manager at a cost of £36,000 funded from reserves. Spend projections are anticipating that this cost will be exceeded by £6,000 in the current financial year as a result of trading being delivered through initially a soft launch and additional recruitment.
- 2.3.10. Further consultant costs of £10,000 have arisen against the re-branding exercise.
- 2.3.11. As an outcome of the Cremyll Tender exercise the contribution agreed by the Joint Committee on 20th June 2008 won't be implemented in 2009/10, achieving a saving of £6,300.
- 2.3.12. Grant funded exhibitions in the house and new buildings at a cost of £6,000 have been wholly financed from grant funding referred to in 2.3.14.
- 2.3.13. Provision within the 2009/10 forecast has allowed for a further £18,000 marketing budget to deliver a major launch of the park in 2010/11. More consideration on this item of spend needs to be made when a further business case is presented to the Joint Committee.

Incomes

2.3.14. Grant income has increased following a successful application for funding to cover Sudden Oak Death work within the park of £60,000 and £6,000 funding from Devonport Regeneration Company supporting an exhibition held in the summer, this has been offset by revised grant funding with the Woodland Grant and Countryside Stewardship.

2.3.15. External funding for the Museum Development officer has ceased with a cost of £20,000.

2.3.16. Additional income arising from new trading operations is projected at:

	£'000
Shop	10
Stables catering	20
Plant Sales	<u>8</u>
	<u>38</u>

2.3.17. Wedding income has declined in 2009/10 creating a £7,000 shortfall.

3. **2009/10 CAPITAL MONITORING**

Costs are being finalised with fitting out of new facilities and any variations reported at the next Joint Committee but currents forecast have only identified a minor variations to costings previously presented to the Joint Committee.

4. **RESERVES**

There is an uncommitted reserve balance of £36,409 currently held.

5. **RECOMMENDATIONS**

It is recommended that the Joint Committee:

6.

6.1. It is recommended that:

- a) notes the report.
- b) requests each constituent authority to consider additional financial support of £100,000 (per authority) to address the 2009/10 revenue shortfall, with any balance remaining at outturn to be met from Joint Committee reserves.
- c) notes overall financing for 2010/11 be reappraised following the final production of the business case.

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MOUNT EDGCUMBE BUDGET MONITORING 2009/10

Outturn 2008/09	Base Budget 2009/10	DESCRIPTION	Actual as at 30th October 2009	Latest Forecast 2009/10	Variance
£	£		£	£	£
		<u>Employees</u>			
513,298	451,895	Salaries	433,955	668,006	216,111
5,843	5,985	Other Employee Costs	2,876	5,985	0
		<u>Premises & Park</u>			
81,850	51,505	General Maintenance	22,934	51,505	0
27,173	11,200	Energy Costs	10,607	21,200	10,000
23,471	23,810	NNDR, Water, Env chgs	12,896	23,810	0
4,200	5,630	Cleaning	5,517	6,630	1,000
3,421	2,100	Insurances	9,053	9,100	7,000
		<u>Gardens</u>			
20,578	25,000	Grounds Maintenance Ad Hoc	26,118	30,000	5,000
		<u>Transport</u>			
34,463	20,123	Vehicle costs	19,907	23,973	3,850
		<u>Supplies and services</u>			
32,064	27,017	Equipment and general operating costs	35,861	54,647	27,630
6,135	6,000	Collection Management	3,255	6,000	0
7,506	8,672	Loan repayment ~ Lift replacement	0	8,672	0
10,375	0	Consultants ~ Option appraisal	0	0	0
15,394	20,606	Commercial Manager	16,232	27,000	6,394
1,633	0	Consultants ~ other	10,256	10,000	10,000
0	6,300	Contribution Transport initiative	0	0	(6,300)
5,105	1,000	Exhibitions and grant funded projects	6,837	7,000	6,000
2,175	3,428	Insurances	3,289	3,428	0
15,172	17,000	Advertising and Interpretation	15,394	35,000	18,000
11,341	12,585	Special Events expenses	2,756	12,585	0
821,196	699,856	Gross Expenditure	637,743	1,004,541	304,685
		<u>INCOME</u>			
(34,029)	(24,120)	Grants and contributions	(6,337)	(68,620)	(44,500)
(4,596)	(6,400)	Shop sales as at 30/9/09	0	(16,400)	(10,000)
0	(10,000)	Catering income as at 30/9/09	(14,477)	(30,000)	(20,000)
0	0	Plant sales as at 30/9/09	(4,426)	(7,500)	(7,500)
(1,183)	0	Sale of Vehicle	0	0	0
(32,041)	(43,350)	Admissions as at 30/9/09	(39,618)	(43,350)	0
(33,963)	(33,400)	Wedding & function Income	(26,585)	(26,585)	6,815
(12,871)	(17,900)	Special Events	(8,039)	(17,900)	0
(28,234)	(41,880)	Rent of Land	(33,778)	(43,880)	(2,000)
(55,680)	(56,100)	Trenninow Chalets	(58,089)	(56,100)	0
(18,602)	(12,300)	Orangery Licence	(10,958)	(12,300)	0
(43,051)	(47,300)	Car parking income as at 30/9/09	(35,474)	(57,300)	(10,000)
(19,085)	(2,500)	Income From Donations	(4,586)	(5,000)	(2,500)
(63,646)	(20,606)	Joint Committee Reserves	0	(20,606)	0
(474,217)	(384,000)	Agreed contribution from Constituent Authorities	(192,000)	(384,000)	0
(821,196)	(699,856)	Total Income	(434,367)	(789,541)	(89,685)
0	0	DEFICIT/(SURPLUS)	203,376	215,000	215,000

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