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MOUNT EDGCUMBE JOINT COMMITTEE AND ANNUAL INSPECTION

DATE: 23 JULY 2010

TIME: 10.45AM

Members of the Joint Committee are asked to note the itinerary for the Joint Committee meeting and annual inspection as follows –

| | |
|---------------|-------------------------|
| 10.45 – 12.30 | Joint Committee meeting |
| 12.30 – 13.30 | Lunch |
| 13.30 | Tour of the park |

Members are advised, that due to the nature of the visit, suitable footwear for walking and if raining waterproofs should be worn.

BARRY KEEL
KEVIN LAVERY
Joint Clerks



MOUNT EDGCUMBE JOINT COMMITTEE

Joint Clerks

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15 July 2010

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MOUNT EDGCUMBE JOINT COMMITTEE

DATE: FRIDAY 23 JULY 2010
TIME: 10.45 AM
PLACE: MOUNT EDGCUMBE HOUSE, CREMYLL

Committee Members–

Plymouth City Councillors-

Councillors Delbridge, King, Martin Leaves, McDonald, Reynolds (Co-Chair), Smith and Vincent.

Cornwall County Councillors-

County Councillors Austin, Flashman, German, Holley, Pearn MBE, Preston and Trubody (Co-Chair)

Co-opted Members-

Sir Richard Carew Pole Bt., Mrs Spring, Mr D L Richards, Cdr Crocker and Mr T Savery

Members of the Committee are invited to attend the above meeting to consider the items of business overleaf.

Plymouth members, please note the ferry departs from Admirals Hard, Stonehouse at 10.15am and return ferries leave Cremyll at 12 noon, 1pm, 1.30 pm, 2pm, 2.30pm, 3pm, 4pm, 4.30pm and 5pm.

BARRY KEEL
KEVIN LAVERY
Joint Clerks

MOUNT EDGCUMBE JOINT COMMITTEE

PART I (PUBLIC COMMITTEE)

AGENDA

1. APOLOGIES

To receive apologies for non-attendance submitted by Joint Committee Members.

2. DECLARATIONS OF INTEREST

Members will be asked to make any declarations of interest in respect of items on this agenda.

3. MINUTES

(Pages 1 - 12)

To confirm the minutes of the meeting held on 25 June 2010 as a correct record.

4. CHAIR'S URGENT BUSINESS

To receive reports on business, which in the opinion of the Chair, should be brought forward for urgent consideration.

5. BUSINESS AND FINANCE

(Pages 13 - 46)

The Joint Committee will receive a report on Business and Finance.

6. EXEMPT BUSINESS

To consider passing a resolution under Section 100A(4) of the Local Government Act 1972 to exclude the press and public from the meeting for the following item(s) of business on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in paragraph(s) 3 of Part 1 of Schedule 12A of the Act, as amended by the Freedom of Information Act 2000.

PART II (PRIVATE COMMITTEE)

AGENDA

MEMBERS OF THE PUBLIC TO NOTE

that under the law, the Committee is entitled to consider certain items in private. Members of the public will be asked to leave the meeting when such items are discussed.

7. HOUSE ADMISSIONS 2011 (E3) (TO FOLLOW)

The Joint Committee will receive a report on House Admissions for 2011.

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Mount Edgcumbe Joint Committee

Friday 25 June 2010

PRESENT:

Councillor Trubody, Co-Chair in the Chair.
Councillors Mrs Bragg, Delbridge, Flashman, German, Holley, Pearn MBE, Riches (Substitute Councillor Preston) and Vincent.

Co-opted Representatives: Sir Richard Carew Pole Bt, Cdr Crocker, Mr D L Richards and Mrs Spring.

Apologies for absence: Councillors Austin, King, McDonald, Preston, Reynolds (Co-Chair) and Smith.

Also in attendance: Simon Arthurs, Geraldine Baker, Ian Berry, Steven Bolton, James Coulton, Charlie David, Rachel Dower, Mike East, Wendy Eldridge, Mark Harvey, Kate Johnson, David Marshall, Mark Porter and Linda Torney.

The meeting started at 10.45 am and finished at 2.15 pm.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

1. **APPOINTMENT OF THE JOINT CHAIRS**

Agreed that –

- (1) Councillor Reynolds is appointed as Co-Chair (Plymouth City Council);
- (2) Councillor Trubody is appointed as Co-Chair (Cornwall Council).

2. **DECLARATIONS OF INTEREST**

In accordance with the code of conduct the following declarations of interest were made –

| Name | Subject and Minute No, | Reason | Interest |
|--------------------|--------------------------------|---|-----------------|
| Councillor Trubody | Cremyll Ferry Tender Minute 15 | Acquainted with existing ferry operator | Personal |
| | | Worked for Sound Cruising | Prejudicial |
| Commander Crocker | Cremyll Ferry Tender Minute 15 | Relative works for Tamar Cruising | Personal |

3. **MINUTES**

Agreed that the minutes of the meeting held on 5 February 2010 are confirmed as a correct record.

CHAIR'S URGENT BUSINESS

4. **Property Matter**

The Co-Chair advised that a property matter had arisen which required a decision from the Joint Committee; this item was confidential and as such would be considered under exempt business (minute 7 refers).

5. **Order of Business**

The order of business on the agenda was amended as set out below in the minutes.

(In accordance with Section 100 (B) (4)(b) of the Local Government Act, 1972, the Chair brought forward the above items for consideration because of the need to inform Councillors and seek a decision).

6. **AMENDED ACQUISITION AND DISPOSALS POLICY**

The Director for Community Services submitted a report on the amended Acquisition and Disposals Policy, which outlined the following –

- (a) the Joint Committee approved the amended Acquisition and Disposals Policy at its meeting held on 5 February 2010;
- (b) an amendment was proposed to the policy as information on 'disposal' had inadvertently been omitted;
- (c) the amendment was necessary as the existing policy was missing one key point and as such did not meet the Museums, Libraries and Archive Council's accreditation requirements;
- (d) early confirmation of the decision was required in order to meet the deadline for the accreditation application.

Following a question raised by the Joint Committee, it was advised that no human remains or items that were likely to be repatriated were held within the Mount Edgumbe collection; both the Joint Committee's new and existing terms of reference permitted any controversial items to be referred to the respective Chief Executives of each council for resolution.

Agreed that the Joint Committee approves the amended policy and provides early confirmation of the decision to meet the deadline for the accreditation application.

7. **EXEMPT BUSINESS**

Agreed that under Section 100(A)(4) of the Local Government Act, 1972, the press and public are excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in

paragraph 3 of Part 1 of Schedule 12A of the Act, as amended by the Freedom of Information Act 2000.

8. **CHAIR'S URGENT BUSINESS - PROPERTY MATTER**

The Director for Community Services presented a report outlining the request for an electricity wayleave across Country Park land to serve an address outlined in the report.

Agreed that the electricity wayleave is granted.

9. **UPDATE ON MEETINGS OF THE MOUNT EDGCUMBE OFFICERS' WORKING GROUP**

Ian Berry, the Park Manager, provided an update on the meetings of the Mount Edgumbe Officers' Group which were held on 28 April and 25 May 2010.

(Following consideration of the above items the meeting moved back into Part 1 public meeting).

PART I

10. **REVENUE AND CAPITAL OUTTURN 2009-10 INCORPORATING THE STATEMENT OF ACCOUNTS**

The Director for Community Services and the Director for Corporate Support submitted a report on the Revenue and Capital Outturn 2009/10 incorporating the Statement of Accounts 2009/10, which outlined the following issues –

- (a) the overall effect of the variations against the revenue budget had identified a shortfall of funding requirement of £300,000 in 2009/10;
- (b) ongoing additional costs had arisen as a result of the job evaluation exercise undertaken by Plymouth City Council which would require consideration as part of future year's business planning;
- (c) further costs had been incurred for additional staffing requirements for the new trading operations above the level of income projected during the first part of the trading year;
- (d) the challenge for the business plan and the 2010/11 budget report on 5 February 2010 to the Joint Committee was to deliver sustainable trading operations, aligned to the level of constituent authority support available and to build a minimum level of reserves.

The following responses were provided to questions raised by the Joint Committee –

- (e) there was an ongoing cost of £100,000 for the funding of job evaluation which had not been identified in the base budget for 2009/10;

- (f) it was difficult to predict unforeseen variances within the base budget; for example there had been a significant increase in the insurance premium due to the newly refurbished Barrow Park and the re-evaluation of the business rates which had increased from £700 to £5000;
- (g) it was anticipated that with the appointment of a commercial accountant the financial management would improve together with the accuracy of the budget, planning and monitoring;
- (h) the additional funding of £50,000 which the constituent authorities would be approached to fund had not been included within these figures;
- (i) there was the potential for the Objective One funding to be repaid at an estimated cost of £1.3m should the obligations not be met (Cornwall Council had obtained the Objective One funding); although due to the economic downturn these requirements may not remain the same;
- (j) the statement of accounts and annual governance was required to be submitted to the Audit Commission by 30 June 2010; the accounts for the past four years had not been submitted on time;
- (k) included in the core budget was a sum of £6,500 for the roads and footpaths within the Park; a review was currently being undertaken to ascertain what services could be stopped and all but essential works carried out.

Agreed that –

- (1) the report is noted;
- (2) each constituent authority is approached to consider additional financial support of up to £50,000 (per authority) to address the 2009/10 revenue shortfall;
- (3) the recommendation to note that each constituent authority consider conditions against this financial support and final details of this will be reported at the Joint Committee scheduled for 23 July 2010, is approved;
- (4) the 2010/11 Business Plan and the Medium Term Financial projection based on the 2009/10 performance are reviewed and reported at this meeting;
- (5) approval of the statement of accounts and the annual governance is deferred to the next Joint Committee meeting scheduled for 23 July 2010.

11. **CONSTITUTION** (Pages 1 - 6)

The Director for Corporate Support submitted a report on the Joint Committee's constitution/terms of reference, which outlined the following –

- (a) the proposals for the governance of the Mount Edgcumbe Joint Committee and the management of the undertaking;
- (b) as a result of concerns raised by councillors and officers who had been asking that the current officer support from the two parent authorities was clarified and that the constitution was improved;
- (c) the recommendation that the Cabinets of each of the constituent councils approve and adopt the changes to the terms of reference for the Joint Committee and that each Council makes any necessary consequential amendments to that Council's constitution;
- (d) a business planning framework is adopted that aligned the governance arrangements for the undertaking more closely with the cabinet style of governance in place in each Council.

Agreed that the terms of reference is amended to read at 'B5 the Director for Environment Planning and Economy in Cornwall in consultation with the Director for Community Services in Plymouth'.

Recommended that the Cabinets of each constituent council adopt the new terms of reference as set out at appendix 1 (attached to these minutes) and amend their respective constitutions to reflect this.

12. **EXEMPT BUSINESS**

Agreed that under Section 100(A)(4) of the Local Government Act, 1972, the press and public are excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act, as amended by the Freedom of Information Act 2000.

13. **REVENUE AND CAPITAL MONITORING 2010/11(2010/11 MONITORING - MAY 2010)**

The Director for Community Services and the Director for Corporate Support submitted a report on 2010/11 Monitoring – May 2010.

Agreed that –

- (1) the recommendation to note the report and authorise urgent remedial and medium term actions with the officers' working group and the Co-Chairs, to address the financial situation for 2010/11 and the medium term and to report progress at each future Joint Committee meeting is approved;

- (2) plans for a minimum level of reserves which preserves contingency for a sustainable long term future, in order to deal with unforeseen pressures but also to take opportunities as they arise is approved;
- (3) the funding of 2009/10 overspend is discussed by the joint authorities and communicated to the Joint Committee (options range from funding the adverse variation at year end or a loan with an agreed repayment schedule).

14. **APPOINTMENT OF CO-CHAIR**

Agreed that Councillor Flashman is appointed as Co-Chair for the consideration of the item on the Cremyll Ferry Tender.

15. **CREMYLL FERRY TENDER**

The Director for Development and Regeneration submitted a report on the Cremyll Ferry Tender.

Agreed that the Joint Committee grant the issue of the lease for the use of Cremyll Quay and associated buildings to the successful ferry operator.

(Councillor Trubody Co-Chair declared a personal and prejudicial interest in this matter and left the room; Commander Crocker declared a personal interest in this matter).

(Councillor Flashman was appointed the Chair for this item).

**TERMS OF REFERENCE
CORNWALL COUNCIL AND PLYMOUTH CITY COUNCIL
MOUNT EDGCUMBE HOUSE AND COUNTRY PARK
THE MOUNT EDGCUMBE JOINT COMMITTEE**

A Background

Cornwall Council and Plymouth City Council (the "Constituent Councils") being joint owners of the Mount Edgcumbe House and Country Park (the "House and Country Park") have agreed that the following arrangements will apply in relation to the House and Country Park. They have also agreed to form a Joint Committee (within the meaning of Section 102 Local Government Act 1972) to make sure that the House and Country Park are managed appropriately.

B Responsibilities

The Joint Council's are responsible for exercising the powers under sections 6, 7, 8 and 9 of the Countryside Act 1968 and section 19 of the Local Government Miscellaneous Provisions Act 1976 in relation to the House and Country Park.

Who carries out the responsibilities

B1 Each Council will:

- decide the annual budget for the Country Park and House as part of the budget setting process;
- decide whether to allow any extra spending outside the budget.

B2 Each Cabinet will:

- agree the business plan;
- recommend the annual budget to council as part of the budget process;
- take decisions that would result in each of the councils spending or saving more than £250,000;(in total £500,000);
- decide whether to recommend ways of meeting any additional spending requirements outside the agreed budget to Council;
- appoint a cabinet member with responsibility amongst other things for Mount Edgcumbe;
- agree the lease of a property or grant easements in the country park where this is for less than best consideration or ,more than ten years.

B3 The Cabinet members who have been appointed will:

- Decide whether to recommend that cabinet approves variations to the business plan that require extra spending and propose the means of meeting any additional costs to Council;
- Agree variations to the business plan that do not require extra spending.

- Take decisions that would result in each of the councils spending or saving more than [£100,000] – note the limits for this need to be decided

B4 The Joint Committee will:

- Propose an annual business plan to cabinet;
- Monitor performance of the undertaking against the business plan and recommend variations to the business plan to the Cabinet Members;
- Monitor performance of the undertaking to ensure value for money is achieved;
- Ensure the management of the country park and estate accords with proper financial and legal practice appropriate to local authorities;
- Ensure proper audit and risk management procedures are in place;
- Carry out an appropriate inspection of the house and country park on an annual basis;
- Undertake appropriate consultation with key stakeholders.

B5 The Director for Community Services in Plymouth in consultation with the Director for Environment Planning and Economy in Cornwall Assistant have delegated authority to make sure everything else is done.

C Committee Procedures

C1 Membership

1.1 The Joint Committee shall consist of fourteen members. Each Constituent Council shall appoint seven of their respective Members to act as Members of the Joint Committee and shall also have the power to appoint substitutes with full powers of their principals, (including the power to vote) to sit in place of the Members when any of those Members are unable to attend a meeting of the Joint Committee.

Support

1.2 The Chief Executives of the constituent councils have agreed that democratic support for the Joint Committee shall be provided by Plymouth City Council.

Appointment of Chair

1.3 In the first meeting of the year the Members of the Joint Committee shall appoint two Joint Chairs, one from each Council, and the first meeting will be chaired by the Joint Chair from Plymouth City Council following which at every subsequent meeting the Joint Chairs will alternate.

1.4 If either Joint Chair is not present at a meeting he or she should be chairing, his or her place will be taken by the other Joint Chair. If neither Joint Chair is present the members of the Joint Committee

who are present shall appoint one of their number to chair the meeting.

- 1.5 The Joint Committee shall have the power to appoint co-opted Members to the Joint Committee provided that such persons shall be treated as non-voting members of the Joint Committee in accordance with Section 13 of the Local Government and Housing Act 1989.

C2 Meetings of the Joint Committee

- 2.1 The Joint Committee shall not meet less than twice in each year commencing May of one year and ending in April of the next.
- 2.2 Members, including co-opted Members of the Joint Committee, shall be given not less than five clear working days notice of a meeting of the Joint Committee and the venue for that meeting. It shall be the responsibility of Members wishing to appoint substitutes for a meeting to notify those substitutes of the date and venue of the meeting and for these purposes it shall not be an invalid notice if the substitute is given less than five clear working days notice.
- 2.3 The venue for meetings of the Joint Committee shall normally be Mount Edgcombe Country Park but the Chair may at his/her discretion fix alternative venues provided that in exercising this discretion the Chair shall have regard to the need to ensure that the venue is convenient to all Members.

Quorum

- 2.4 The quorum for any meeting of the Joint Committee shall be two Members from each Council or their substitutes.
- 2.5 The minutes of the business transacted at each meeting of the Joint Committee and the names of the Members present shall be entered in a book and signed by the Chair of the Committee and each page of the minutes shall be initialled by the Chair at the next meeting.
- 2.6 Any motion moved by the Chair or any Member or substitute of a Member of the Joint Committee shall require to be seconded by another Member of the Joint Committee before such a motion is put to the vote.
- 2.6 Any procedural requirements not specified in these standing orders shall be undertaken in accordance with Plymouth City Council's procedural rules.

C3 Voting at the Meeting

- 3.1 Voting shall be upon a show of hands unless a majority of the Members of the Joint Committee who are present and entitled to vote request that a recorded vote be taken.
- 3.2 In the case of an equality of votes the Chair of the Committee shall have a second or casting vote.

C4 Disorderly Conduct by Members

If a Member keeps on disrupting the meeting by persistently disregarding the ruling of the Chair or by behaving irregularly, improperly or offensively or by wilfully obstructing the business of the Joint Committee, the Chair may order the Member to leave the meeting room for the remainder of the Joint Committee's business for that day.

C5 Disclosure of Interests

5.1 The Code of Conduct for Councillors (as amended from time to time by legislation) shall apply to all meetings of the Joint Committee.

5.2 All members of the Joint Committee shall declare any interest they have in any business of the Joint Committee at the start of the item of business or when they realise they have an interest if that is later. They must say they have an interest and what the interest is unless they do not know they have the interest and could not be expected to know about it; or they cannot describe the interest without revealing sensitive information in which case they need to say they have an interest but they do not need to describe it.

5.3 Once a member has declared a personal interest they can stay in the meeting and speak and vote unless the personal interest is also a prejudicial interest in which case they must leave the meeting while the item is dealt with.

5.4 Disclosures, withdrawals and dispensations shall be recorded in the minutes of the meeting.

C6 Referral of Business to Constituent Councils

6.1 Where the Chief Executive of either Council considers any matters arising should be referred to the Cabinet of his/her Constituent Council no action shall be taken on that matter unless and until the same shall have been approved by the Cabinet of each Constituent Council.

C7 Disputes

7.1 Where the Constituent Councils do not agree on a matter, once every effort has been made to reconcile any differences between the authorities, the matter may be referred for mediation to a mediator to be agreed by the Constituent Councils, with each party bearing the cost of doing so.

C8 Revenue and Capital Expenditure

8.1 Revenue and Capital Budgets for each financial year shall be such as shall be agreed by each Constituent Council through the usual budget setting process. The Joint Committee will propose a business plan and budget to both Cabinets. If both Cabinets approve the business plan they will in turn recommend the budget to Council. Any variations to the business plan within the year that would result in extra spending need to be reported to each of the

relevant Cabinet Members, who will decide whether to recommend that Cabinet approve the changes and recommend that each of the Constituent Councils approve the additional spending. The Business Plan shall be available by 31 October in order to feed into the budget setting process.

- 8.2 Revenue and Capital Expenditure incurred by the Joint Committee shall be defrayed and income shared by the Constituent Councils in equal portions.

C9. Delegation to Working Groups and officers

The Joint Committee shall have the power to form working parties or other such groups as it may decide and may delegate to such working parties etc. such of its powers as it chooses. The Joint Committee may also delegate such of its powers as it chooses to an officer of either of the Constituent Councils.

Note it is recommended that further joint working arrangements in relation to the management of the country house and park, including:

- arrangements for dealing with contracts,
- liaison arrangements, and
- a protocol that states how any statutory and regulatory responsibilities arising from the work of the Joint Committee are addressed e.g. Health and Safety, carbon reduction

be agreed following the work of the Officer Working Group

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**CITY OF PLYMOUTH
MOUNT EDGCUMBE JOINT COMMITTEE**

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

CMT Members: Director of Community Services
Director of Corporate Support

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

Subject: 2010/11 Monitoring update

Committee: Mount Edgcumbe Joint Committee

Date: 23 July 2010

Author: Ian Berry – Park Manager

Contact: Tel: (01752) 832226
e-mail: ian.berry@plymouth.gov.uk

Ref: ME

Part: I

Executive Summary:

This report presents an update on the financial position of the Joint Committee for financial year 2010/11 based on the immediate implementation of currently identified action plan savings. The report is designed as a discussion document for the Committee and Officers to consider the range of actions needed to ensure a sustainable operational business model produces a balanced budget and replenishes reserves.

Corporate Plan 2010-2013:

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:

Business Plan Immediate Priorities: Use of resources and performance management
Environment, Planning and Economy Directorate Plan priorities:
Creating a Green Cornwall
Creating Better Places to Live
Delivering Excellent Services

**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 reduction of £71k to the previously reported deficit, giving an adverse variation in 2010/11 of £246k based on costed saving options being implemented immediately.

These immediate savings are achievable but there is still a large forecast deficit remaining. To address the remaining deficit we will need to make significant changes to the park operation and will want to discuss this with Members at the meeting, prior to a further report on the future operation.

However, in the meantime further options will need to be developed and will be actioned by the Mount Edgumbe Officers Working Group in consultation with the Joint Committee joint chairs.

The commercial activity, specifically catering, needs to be reviewed and improved to ensure activity generates a profit and positive contribution to general operating costs. In addition, use of park assets are being explored to address short and medium term options needed to produce a balanced budget to deliver a sustainable business model and address the lack of reserves.

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

- Increased risk management will need to take place to manage the impact of the challenging financial position.

Recommendations & Reasons for Recommended action:

It is recommended that the Joint Committee:

- Approves implementation of the saving options achieving savings forecast at £71k.
- Notes the Internal Audit report and signs off the Annual Governance Statement.

Alternative Options Considered & reasons for recommended action:

The following alternative options were considered:

- Stopping all Commercial Activity. This action was discounted as this would impact on reputation of the park, the constituent authorities and the ability to make future profits to contribute to the Parks operational costs, particularly where commitments exist for events and weddings.
- Not accepting currently identified action plan savings is forecast to increase trading deficit by £71k.

Background Papers: Mount Edgumbe 2010/11 Business Plan, 2009/10 Outturn Report

Sign Off

| | | | | | | | | | |
|------------------------|--------------------------|-----|-------|---------------|-----|----|-----|----|-----|
| Fin | SA CoSF LA1011 003 | Leg | LT 25 | HR | N/A | AM | N/A | IT | N/A |
| Originating SMT Member | | | | James Coulton | | | | | |

MOUNT EDGCUMBE JOINT COMMITTEE

Mount Edgcumbe Joint Committee – 23 July 2010

MOUNT EDGCUMBE 2010/11 MONITORING - Update

1. INTRODUCTION

- 1.1. This Report has been produced to update the Joint Committee with the monitoring position and in response to the first two months trading performance which indicates significant scope for improvement to limit the financial liabilities of the constituent bodies and to ensure that Mount Edgcumbe operates on a sustainable basis in future.
- 1.2. The report has been compiled following joint working by officers of Plymouth City Council and Cornwall Council and the joint chairs of the Mount Edgcumbe Committee.
- 1.3. The report will enable the Joint Committee to note the range of actions costed to reduce the financial liability and the requirement for future savings to be identified before reporting back to the constituent authorities.

2. Scope

- 2.1. The report focuses mainly on the financial impact of the parks operations and trading and covers the following areas:
 - 2.1.1. 2010/11 Monitoring
 - 2.1.2. Other financial implications and options
 - 2.1.3. Action Plan
 - 2.1.4. Internal Audit Report/Governance Statement

3. 2010/11 Monitoring

- 3.1. The 2010/11 Business Plan was approved in February 2010 by the Joint Committee and included a balance budget based on a range of assumptions, based on the work of the commercial consultant. This section of the report sets out some of the main assumptions.
 - 3.1.1. That trading levels in the Orangery when operated under franchise were the basis for the expectations for the in-house provision.
 - 3.1.2. That there would be an increase in events and weddings
 - 3.1.3. That the Stables would contribute a profit.
 - 3.1.4. All the remaining commercial activity would make a positive contribution.

3.2. The following summary presents the original 2010/11 business plan and the latest forecast (the detail is contained in Appendix A)

| | Base Budget £000 | Forecast reported 23/06/10 £000 | Forecast with Saving Plans £000 | Variation between forecast £000 | Variation to Base Budget £000 |
|----------------------------|---------------------|---------------------------------------|------------------------------------|------------------------------------|----------------------------------|
| Employees | 722 | 925 | 819 | (106) | 97 |
| Other Costs | 507 | 613 | 538 | (75) | 31 |
| Expenditure | 1229 | 1538 | 1357 | (181) | 128 |
| Income | (1244) | (1236) | (1126) | 110 | 118 |
| Deficit / (Surplus) | (15) | 302 | 231 | (71) | 246 |

3.3. In arriving at the summary above the following assumptions should be understood.

3.3.1. No support service recharges are currently made to the Mount Edgcumbe budget. This may need to be reviewed to ensure compliance with the accounting code of practice. This may result in increased costs.

3.3.2. The underlying cost of sales on the catering activities is based a recent June 2010 stock take at 64% which is an improvement from the 2009/10 outturn cost of sales percentage which was 78%.

3.3.3. Staffing levels within the estate management area do not reduce over the remainder of the year and current levels of overtime are maintained.

3.3.4. No assumptions are contained for Mount Edgcumbe having to address the additional £100k funding requirement for 2009/10.

3.4. The following action plan saving proposals has been costed for consideration by the Joint Committee.

| Proposal | £ |
|---|----------------|
| Winter closure ~ Barrow complex with effect from 3 October and Cremyll Shop/ Orangery with effect from 31 October | 47,000 |
| Amend winter weekend staffing arrangements | 4,000 |
| Reduction of 100 hrs overtime per month | 9,500 |
| Closing Plant Sales on a Friday (already actioned) | 1,000 |
| 10% price increase (actual impact 5 – 8%) | 9,500 |
| Total | £71,000 |

- 3.5. These immediate savings are achievable but there is still a large forecast deficit remaining. To address the remaining deficit we will need to make significant changes to the park operation and will want to discuss this with Members at the meeting, prior to a further report on the future operation.
- 3.6. In the meantime the following management actions reported to the last Joint Committee will continue to be actioned:
- 3.6.1. Stock purchases for non-catering activity will be passed to the Commercial Manager for approval and stock lines are being monitored
- 3.6.2. Non trading expenditure is being reviewed and non-essential work is not expected to be undertaken.
- 3.7. At the request of the Joint Committee the 2010/11 budget has been RAG (red, amber, green) rated to establish the level of risk contained in the estimate, with green equalling a robust estimate and amber with some further work to determine the actual spending likely. Red risks are addressed to mitigate and improve financial forecasting. Work will continue to review robustness on an ongoing basis.

4. Other financial implications and options

- 4.1. Work is continuing to investigate further saving options by Mount Edgcumbe staff in the following areas:
- 4.1.1. If the Barrow shop were closed as a retail shop unit, with popular and profitable stock lines being transferred to the Cremyll shop, the space could be used to generate revenue income through catering or chargeable meeting space.
- 4.1.2. A second stocktake is planned for 14 July from which further management information on the cost of sales will be available, this together with a weekly stock purchase budget for each catering unit can focus on driving down the cost of sales ratio, currently calculated as 64% which is not favourable compared to the budgeted targets of 33%.
- 4.1.3. Introduce refreshment sales around the park on hot days (bicycle sales), costing for this have been produced for further consideration. Daily sales above 120 tubs of Ice Cream during the six week school holiday would generate a positive financial contribution to the park.
- 4.1.4. Increases to car parking charges for which a benchmarking exercise is currently being undertaken to evaluate possible areas of increase.
- 4.1.5. Introduce car parking charges to the new Barrow Park (Plant Sales) Car Park with opportunity to recoup parking cost from purchase of goods from retail areas within the park.

4.1.6. Where capital receipts could be generated consideration for a capital revenue swap might be possible, although unlikely given the low level of revenue contributions to the Plymouth and Cornwall's capital programmes. However, capital receipts could be used to:

4.1.6.1. Repay the current borrowing costs chargeable to Mount Edgcumbe and this would save a maximum of £30k per annum for 10 years (subject to the level of capital receipts generated).

4.1.6.2. Set aside a capital reserve for future invest to save projects within the estate, with the revenue savings being used to replenish reserves.

4.2. Risks of clawback from grant funding also needs to be established and evaluated as part of any change in use of facilities.

5. Action Plan

| Ref | Issue / Risk | Action | Responsible Officer and Target Date | Follow up at the next Joint Committee |
|-----|---|--|--|---|
| 1 | The format and presentation of the financial information does not make it easy to understand the operational performance, particularly around the trading activities. | Present the information in a more commercial format so that the different elements of the business can be scrutinised more effectively | Louise Goad For the 23 July Joint Committee | The overall position is now presented on an activity basis. Detailed management information still needs to be addressed |
| 2 | Regular Management information must be provided to the Park Manager | Staff in the park need to be trained to produce relevant information / data to the Accountants to produce more detailed and reliable trading statements Cornwall Council need to provide timely information that feeds into monthly monitoring and trading (and also at year end) | Louise Goad Rachel Dower by the 31 July | Discussions have now begun and financial information will be provided from 31 July as planned |
| 3 | Management controls are not sufficient to ensure managers are able to control costs effectively | Improved financial information. Regular stock counts on the trading activities. Analysis of margins and active monitoring undertaken v targets. All orders must be authorised by a responsible officer who has been approved under the scheme of delegation. | Ian Berry David Marshall Louise Goad By the 31 July | Regular stock counts are now happening. EPOS data needs to be reviewed to ensure detailed trading accounts, particularly for catering, can be produced. Events and wedding costings will also be produced to ensure quotations for customers cover costs and profit margin. |

| Ref | Issue / Risk | Action | Responsible Officer and Target Date | Follow up at the next Joint Committee |
|------------|---|---|---|--|
| 4 | Capital Assets could be utilised more effectively | Produce a simple asset plan for establishing the potential for revenue income and possible capital receipts | Ian Berry Steven Bolton By the 23 July | |
| 5 | Reserves have been fully used and need to be built back up again. | £15k-£30k needs to be transferred back to reserves at year end and so management need to identify savings and generate a surplus | Ian Berry (Park Manager) By December 2010 | Subject to the MTFS |
| 6 | The medium term financial strategy needs to be based on a more sustainable business model with more robust analysis of growth and assumptions | Produce a medium term financial plan, including the marketing strategy and asset plan | James Coulton Ian Berry David Marshall Louise Goad Rachel Dower By November 2010 | Options and address sheet from pressures will be fed into a MTFS model to determine if a sustainable solution can lower costs and pay back loans. |
| 7 | A better understanding of the financial position now exists but the budget and operational plans need further work to balance by year end. | Agree savings for operational and commercial activities and ensure they are costed. Ensure Income is profiled seasonally and prices are reviewed against relevant benchmarks | Ian Berry David Marshall Louise Goad Rachel Dower By November 2010 | Ongoing discussions held by the MEOW group. |
| 8 | The position relating to the treatment of the 2009/10 deficit requires clarification and agreement. | Clarify the position for both constituent authorities and build into the financial position. | James Coulton Charlie David 23 July | Meetings within PCC have been set up as a precursor for discussions with Cornwall Council. The longer term future of Mount Edgcumbe funding needs to be considered |

6. Annual Governance Statement and Internal Audit Report

6.1. Further to the previous Joint committee additional evidence regarding the Internal Audit of the Annual Governance statement is now provided (Appendix B). The report contains the areas for improvement and the management intended action (Appendix B, specifically Section 4 Budgetary Control Processes). The Audit Commission Annual Return presented to the last Joint Committee is also attached with Appendix C.

7. Recommendations

7.1. Approves implementation of the saving options detailed in point 3.4, total saving forecast £71k.

7.2. Notes the Internal Audit report and signs off the Annual Governance Statement.

K Lavery and B Keel
Joint Clerks

A Broome and P Lewis
Joint Treasurers

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MOUNT EDGCUMBE Monitoring 2010/11

| Existing House & Park operations | Original Budget CC0131 CC0139 £ | Actual as at 31st May 2010 £ | Forecast 2010/11 £ | RAG Rating | Saving Options Winter Closure £ | Saving Options £ | Forecast with Savings £ | Supporting Comments to Saving Options |
|--|--|------------------------------------|--------------------------|------------|---------------------------------------|---------------------|----------------------------|---|
| Employees | | | | | | | | |
| Staffing ~ Core | 506,810 | 93,292 | 516,304 | G | 0 | (13,437) | 502,867 | Winter staffing cover of park (£3,780) 100hr overtime reduction per month (£9,657) Part of £60k Winter Closure reduced to £47k due to £7.5k invoices posted 10/11 relating to 09/10 + miscodings catering staff £5.5k. |
| Staffing ~ Agency | 17,550 | 8,036 | 48,216 | G | (8,907) | 0 | 39,309 | |
| Other Employee Costs | 5,000 | 685 | 4,310 | G | | | 4,310 | |
| Sub Total | 529,360 | 102,013 | 568,830 | | (8,907) | (13,437) | 546,486 | |
| Premises & Park | | | | | | | | |
| General Maintenance | 47,505 | 7,754 | 47,505 | G | | | 47,505 | Saving on utilities by closing Barrow Park complex early Oct (3 deliveries of fuel £6000) |
| Energy Costs | 21,200 | 4,474 | 22,000 | G | (6,000) | 0 | 16,000 | |
| NNDR, Water, Env chgs | 28,810 | 10,247 | 28,810 | G | | | 28,810 | |
| Cleaning | 6,630 | 468 | 6,630 | G | | | 6,630 | |
| Insurances | 9,379 | 9,526 | 9,526 | G | | | 9,526 | |
| Sub Total | 113,524 | 32,469 | 114,471 | | (6,000) | 0 | 108,471 | |
| Gardens | | | | | | | | |
| Grounds Maintenance Ad Hoc | 15,500 | 1,798 | 15,500 | G | 0 | 0 | 15,500 | Future year options available. |
| Transport | | | | | | | | |
| Vehicle costs | 20,123 | 5,624 | 23,873 | G | 0 | 0 | 23,873 | |
| Supplies and services | | | | | | | | |
| Equipment/general operating costs | 45,000 | 9,231 | 55,000 | G | | | 55,000 | |
| Collection Management | 1,000 | 569 | 1,000 | G | | | 1,000 | |
| Loan repayment | 29,150 | 0 | 29,150 | G | | | 29,150 | |
| Commercial Manager | 3,000 | 1,942 | 1,942 | G | | | 1,942 | |
| Contribution Transport initiative | 6,300 | 0 | 4,725 | G | | | 4,725 | |
| Exhibitions and grant funded projects | 1,000 | 0 | 1,000 | G | | | 1,000 | |
| Insurances | 3,428 | 1,055 | 1,055 | G | | | 1,055 | |
| Signage | 0 | 0 | 0 | G | | | 0 | |
| Advertising and Interpretator | 17,000 | 13,819 | 17,000 | G | | | 17,000 | |
| Gross Expenditure | 784,385 | 168,519 | 833,546 | | (14,907) | (13,437) | 805,202 | |
| INCOME | | | | | | | | |
| Grants and contributions | (75,500) | 0 | (75,500) | G | | | (75,500) | |
| Admission income | (49,000) | (10,039) | (49,000) | A | | | (49,000) | |
| Wedding & function Income | (30,700) | (28,669) | (30,700) | G | | | (30,700) | |
| Rent of Land | (31,400) | (10,782) | (31,400) | G | | | (31,400) | |
| Trenninow Chalets | (55,680) | (30,556) | (55,680) | G | | | (55,680) | |
| Car Parking | (73,000) | (9,659) | (73,000) | A | | | (73,000) | |
| Income From Donations | (2,500) | (5,954) | (6,375) | G | | | (6,375) | |
| Agreed contribution from Constituent Authorities | (384,000) | (96,000) | (384,000) | G | | | (384,000) | |
| Total Income | (701,780) | (191,659) | (705,655) | | 0 | 0 | (705,655) | |
| DEFICIT/(SURPLUS) | 82,605 | (23,140) | 127,891 | | (14,907) | (13,437) | 99,547 | |

| Stables | Original Budget CC0132 £ | Actual as at 31st May 2010 £ | Forecast 2010/11 £ | RAG Rating | Saving Options Winter Closure £ | Saving Options £ | Forecast with Savings £ | Supporting Comments to Saving Options |
|-----------------------------------|--------------------------|------------------------------|--------------------|------------|---------------------------------|------------------|-------------------------|---|
| Employees | | | | | | | | |
| Staffing ~ Core | 23,509 | 3,924 | 23,926 | G | | | 23,926 | |
| Staffing ~ Core (additional 2010) | 29,563 | 1,965 | 11,650 | G | | | 11,650 | |
| Staffing ~ Agency | 20,295 | 20,411 | 122,466 | G | (36,128) | | 86,338 | |
| Other Employee Costs | 250 | 0 | 250 | G | | | 250 | |
| Sub Total | 73,617 | 26,300 | 158,292 | | (36,128) | 0 | 122,164 | |
| Supplies and services | | | | | | | | |
| Cost of Sales | 51,000 | 19,250 | 99,175 | A | (29,197) | | 69,978 | |
| Cleaning | 500 | 0 | 500 | G | | | 500 | |
| Advertising and Interpretation | 7,250 | 0 | 0 | G | | | 0 | |
| Gross Expenditure | 132,367 | 45,550 | 257,967 | | (65,325) | 0 | 192,642 | |
| INCOME | | | | | | | | |
| Catering Income | (133,000) | (30,366) | (134,960) | A | 45,619 | (2,555) | (91,896) | £2555 additional income from selected 10% price increases (impact 5%) |
| Wedding & function Income | (20,000) | 0 | (20,000) | A | | | (20,000) | |
| Total Income | (153,000) | (30,366) | (154,960) | | 45,619 | (2,555) | (111,896) | |
| DEFICIT/(SURPLUS) | (20,633) | 15,184 | 103,006 | | (19,706) | (2,555) | 80,745 | |
| Orangery | | | | | | | | |
| Employees | | | | | | | | |
| Staffing ~ Core (additional 2010) | 29,563 | 1,965 | 11,645 | G | | | 11,645 | |
| Staffing ~ Agency | 26,849 | 20,411 | 122,466 | G | (36,128) | | 86,338 | |
| Sub Total | 56,412 | 22,376 | 134,111 | | (36,128) | 0 | 97,983 | |
| Supplies and services | | | | | | | | |
| Catering Equipment/ reinvestment | 10,000 | 8,690 | 10,000 | A | | | 10,000 | |
| Cost of Sales | 77,333 | 23,535 | 143,326 | A | (17,823) | | 125,503 | |
| Cleaning | 500 | 0 | 500 | G | | | 500 | |
| Advertising and Interpretation | 7,250 | 0 | 0 | G | | | 0 | |
| Gross Expenditure | 151,495 | 54,601 | 287,937 | | (53,951) | 0 | 233,986 | |
| INCOME | | | | | | | | |
| Catering Income | (164,000) | (35,088) | (155,947) | A | 35,661 | (4,120) | (124,406) | £4120 additional income from selected 10% price increases (impact 5%) |
| Wedding & function Income | (68,000) | (7,110) | (68,000) | A | | | (68,000) | |
| Total Income | (232,000) | (42,198) | (223,947) | | 35,661 | (4,120) | (192,406) | |
| DEFICIT/(SURPLUS) | (80,505) | 12,402 | 63,990 | | (18,290) | (4,120) | 41,580 | |

| Plant Sales | Original Budget CC0134 £ | Actual as at 31st May 2010 £ | Forecast 2010/11 £ | | Saving Options Winter Closure £ | Saving Options £ | Forecast with Savings £ | Supporting Comments to Saving Options |
|-----------------------------------|--------------------------------|------------------------------------|--------------------------|---|---|------------------------|-------------------------------|---|
| Employees | | | | | | | | |
| Staffing ~ Core (additional 2010) | 17,115 | 0 | 0 | G | | | 0 | Closure of plant sales on a Friday |
| Staffing ~ Agency | 1,249 | 4,411 | 26,466 | G | (6,824) | (920) | 18,722 | |
| Sub Total | 18,364 | 4,411 | 26,466 | | (6,824) | (920) | 18,722 | |
| Supplies and services | | | | | | | | |
| Cost of Sales | 13,667 | 6,500 | 12,047 | G | (5,046) | | 7,001 | £906 additional income from selected 10% price increases (impact 8%) |
| Advertising and Interpretation | 7,250 | 0 | 0 | G | | | 0 | |
| Gross Expenditure | 39,281 | 10,911 | 38,513 | | (11,870) | (920) | 25,723 | |
| Total Income | (41,000) | (8,214) | (36,506) | G | 12,292 | (906) | (25,120) | |
| DEFICIT/(SURPLUS) | (1,719) | 2,697 | 2,007 | | 422 | (1,826) | 603 | |
| Barrow Shop | | | | | | | | |
| Employees | | | | | | | | |
| Staffing ~ Core | 11,316 | 3,535 | 16,581 | G | | | 16,581 | |
| Staffing ~ Agency | 15,954 | 1,401 | 8,406 | G | (2,333) | | 6,073 | |
| Other Employee Costs | 250 | 0 | 250 | G | | | 250 | |
| Sub Total | 27,520 | 4,936 | 25,237 | | (2,333) | | 22,904 | |
| Supplies and services | | | | | | | | |
| Cost of Sales | 15,334 | 4,972 | 23,962 | A | (8,479) | | 15,483 | £626 additional income from selected 10% price increases (impact 5%) |
| Advertising and Interpretation | 7,250 | 0 | 0 | | | | 0 | |
| Gross Expenditure | 50,104 | 9,908 | 49,199 | | (10,812) | | 38,387 | |
| Total Income | (48,500) | (8,169) | (36,306) | A | 8,847 | (626) | (28,085) | |
| DEFICIT/(SURPLUS) | 1,604 | 1,739 | 12,893 | | (1,965) | (626) | 10,302 | |
| Cremyll Shop | | | | | | | | |
| Employees | | | | | | | | |
| Staffing ~ Agency | 17,115 | 1,998 | 11,988 | G | 2,344 | | 14,332 | |
| Sub Total | 17,115 | 1,998 | 11,988 | | 2,344 | | 14,332 | |
| Supplies and services | | | | | | | | |
| Cost of Sales | 15,334 | 5,557 | 19,614 | G | (6,003) | | 13,611 | £1540 additional income from selected 10% price increases (impact 5%) |
| Gross Expenditure | 32,449 | 7,555 | 31,602 | | (3,659) | | 27,943 | |
| Total Income | (48,500) | (13,373) | (59,438) | G | 13,605 | (1,540) | (47,373) | |
| DEFICIT/(SURPLUS) | (16,051) | (5,818) | (27,835) | | 9,946 | (1,540) | (19,429) | |

| Special Events | Original Budget CC4799 £ | Actual as at 31st May 2010 £ | Forecast 2010/11 £ | | Saving Options Winter Closure £ | Saving Options £ | Forecast with Savings £ | Supporting Comments to Saving Options |
|----------------------------|--------------------------|------------------------------|--------------------|---|---------------------------------|------------------|-------------------------|---------------------------------------|
| Special Events | | | | | | | | |
| To be broken down by event | 39,000 | 677 | 39,000 | G | (2,500) | | 36,500 | |
| Sub Total | 39,000 | 677 | 39,000 | | (2,500) | | 36,500 | |
| INCOME | | | | | | | | |
| Event Income | (19,300) | (801) | (19,300) | A | | | (19,300) | |
| Total Income | (19,300) | (801) | (19,300) | | 0 | | (19,300) | |
| DEFICIT/(SURPLUS) | 19,700 | (124) | 19,700 | | (2,500) | 0 | 17,200 | |
| (SURPLUS) TO RESERVES | (15,000) | 2,940 | 301,652 | | (47,000) | (24,104) | 230,548 | |



Draft Internal Audit Report

Plymouth City Council

Community Services Directorate

**Mount Edgumbe Joint Committee - Annual
return for the year ending 31 March 2010**

June 2010

Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the CIPFA code of practice for Internal Audit and other best practice and professional standards.

The partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at martin.gould@devonaudit.gov.uk

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the National Protective Marking Scheme. Its contents are confidential and, whilst it is accepted that issues raised may well need to be discussed with other officers within Plymouth City Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

1 Introduction

The Mount Edgumbe Joint Committee was formed by agreement between Cornwall County Council and Plymouth City Council as joint owners of the Mount Edgumbe County Park for the purpose of the management of the Mount Edgumbe Country Park.

In accordance with Regulation 6 of the Accounts and Audit Regulations 2003 Devon Audit Partnership has carried out a review of the Mount Edgumbe Joint Committees financial accounting systems and internal control arrangements in place during 2009/10 financial year.

2 Audit Opinion

Good Standard The systems and controls generally mitigate the risks identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising for the audit and the recommendations made serve to strengthen what are mainly reliable procedures.

3 Executive Summary

Overall arrangements are of a good standard, however weaknesses identified in the budget setting and monitoring processes pose a risk to the Committee. As at the 31 March 2010 Mount Edgumbe Joint Committee reported a £300K deficit and nil reserves. It is important that appropriate action is taken to improve budget monitoring processes particularly in light of the financial deficit currently experienced by the Committee. Full and complete financial data should be made available to the Committee at each meeting to enable effective decision making to take place.

The detailed findings and recommendations regarding these issues and less important matters are described in the Appendices. Recommendations have been categorised to aid prioritisation. Definitions of the priority categories the assurance opinion ratings are also given in the Appendices to this report.

4 Assurance Opinion on Specific Sections

The following table summarises our assurance opinions on each of the areas covered during the audit. These combine to provide the overall assurance opinion at Section 2. Definitions of the assurance opinion ratings can be found in the Appendices.

| Areas Covered | | Level of Assurance |
|---------------|--|-----------------------|
| 1 | Inappropriate accounting records have been maintained | Good Standard |
| 2 | Payments made do not comply with financial regulations, are not approved, supported by invoices or appropriately accounted for | Good Standard |
| 3 | Risks to objectives are not identified or managed | Good standard |
| 4 | Budgetary control processes are inadequate | Improvements required |
| 5 | Income has not been received, properly recorded or promptly banked | Good Standard |
| 6 | Petty cash payments are not approved , supported by receipts or appropriately accounted for | Not covered |
| 7 | Salaries are paid without approval and PAYE and NI requirements are not met | Good Standard |
| 8 | Asset and investment registers are incomplete and inaccurate | Good Standard |
| 9 | Periodic and year end bank account reconciliations are not carried out | Not covered |
| 10 | Accounting statements have not been prepared on the correct basis, agreed to the cash book or supported by an adequate audit trail | Good Standard |

The findings and recommendations in relation to each of these areas are discussed in the "Detailed Audit Observations and Action Plan" appendix. This appendix records the action plan agreed by management to enhance the internal control framework and mitigate identified risks where agreed. Management are required to agree an action plan, ideally within three weeks of receiving the draft internal audit report. Written responses should be returned to Louise Clapton (louise.clapton@devonaudit.gov.uk) or Brenda Davis (brenda.davis@devonaudit.gov.uk). Alternatively a meeting to discuss the report and agree the action plan should be arranged with the named auditors.

5 Issues for the Annual Governance Statement / Use of Resources

The evidence obtained in internal audit reviews can identify issues in respect of risk management, systems and controls that may be relevant to the Annual Governance Statement or the Use of Resources assessment.

In terms of this audit review, we are able to report that there are no issues arising from the examination of systems and controls that warrant inclusion in the Annual Governance Statement

6 Scope and Objectives

To provide Mount Edgcumbe Joint Committee with an opinion on whether internal control objectives were achieved throughout the financial year.

7 Inherent Limitations

The opinions and recommendations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

8 Acknowledgements

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of this audit.

Martin Gould
Head of Audit Partnership

Detailed Audit Observations and Action Plan

| 1. Area Covered: Inappropriate accounting records have been maintained | Level of Assurance |
|---|-----------------------------|
| <p>Opinion Statement: Mount Edgcumbe Joint Committee have maintained appropriate accounting records throughout the 2009/10 financial year.</p> <p>Plymouth City Council's CIVICA general ledger system is the main accounting system used to record the financial transactions of the Committee, from which budget monitoring reports, financial statements and statutory returns are prepared.</p> <p>A review of the internal controls operating within main accounting system were found to be of a good standard.</p> | <p>Good Standard</p> |
| <p>No observations and recommendations recorded.</p> | |
| 2. Area Covered: Payments made do not comply with financial regulations, are not approved, supported by invoices or appropriately accounted for | Level of Assurance |
| <p>Opinion Statement: Mount Edgcumbe Joint Committee make payments through Plymouth City Council's CIVICA creditors system.</p> <p>A review of internal controls operating within the creditors system were found to be of a good standard. Payments cannot be made without authorised approval, due to automated controls within the system and appropriate documentation is retained to support each payment. Payments were found to be correctly recorded and VAT appropriately accounted for.</p> | <p>Good Standard</p> |
| <p>No observations and recommendations recorded.</p> | |

APPENDIX B

| 3. Area Covered: Risks to objectives are not identified or managed | Level of Assurance |
|---|-----------------------------|
| <p>Opinion Statement: The Mount Edgcombe Joint Committee were presented with a 2009/10 risk register at its meeting on the 6 March 2009, this was reviewed updated and presented at the meeting on the 5 February 2010.</p> <p>A new risk was added in the updated risk register to reflect the potential failure of the new commercial venture and the possibility of a budget deficit at the end of 2010/2011 that the constituent authorities may not be able to meet. Although this is commended a similar risk should have been identified for the 2009/10 financial year along with other risks to the delivery of the corporate plan.</p> | <p>Good standard</p> |
| No observations and recommendations recorded. | |

APPENDIX B

| | | | |
|---|--|------------------------------|--|
| 4. Area Covered: Budgetary control processes are inadequate | | Level of Assurance | |
| <p>Opinion Statement: A revenue and capital budget update was presented to Mount Edgcumbe Joint Committee on the 23 February 2009. Although this highlighted the projected budget shortfall for 2009/10 a proposed budget for the 2009/10 year was not presented or the appropriate approval sought.</p> <p>Regular Revenue and Capital budget monitoring reports were presented to the Mount Edgcumbe Joint Committee in July, December and February. The reports highlighted the key financial issues arising but committee members were only provided with fully detailed budget monitoring reports at the December and February meetings.</p> <p>The level of reserves held at the end of the 2009/2010 financial year are not considered adequate.</p> | | Improvements required | |
| No. | Observation and implications | | |
| 4.1 | <p>The 2009/10 budget was not approved by the Mount Edgcumbe Joint Committee, there was no evidence to support the proposed budget was presented for consideration.</p> <p>Although budget reports are regularly presented to committee that highlight the main financial issues arising they are not always supported by a detailed budget monitoring report.</p> <p>At the end of the 2009/10 financial year no reserves were held, this is considered inadequate.</p> | | |
| | Recommendation | Priority | Management response and action plan including responsible officer |
| 4.1.1 | The annual budget should be submitted to the Mount Edgcumbe Joint Committee and the appropriate approval sought. | High | Annual budget proposals will be presented to Mount Edgcumbe in future in order that recommendations can be made to the Joint Constituent Authorities (as part of improved governance arrangements currently being put in place). |
| 4.1.2 | Revenue and capital budget reports to Mount Edgcumbe Joint Committee should be supported by the detailed budget monitoring report. | High | Agreed. Budget Monitoring reports will be presented to the Joint Committee with detailed information. |

APPENDIX B

| | |
|--|---------------------------|
| 5. Area Covered: Income has not been received, properly recorded or promptly banked | Level of Assurance |
| Opinion Statement: Mount Edgcumbe Joint Committee receives income through Plymouth City Council's CIVICA debtors system and ICON cash receipting system. | Good Standard |
| No observations and recommendations recorded. | |

| | |
|--|---------------------------|
| 6. Area Covered: Petty cash payments are not approved, supported by receipts or appropriately accounted for | Level of Assurance |
| Opinion Statement: We have not provided assurance with regard to petty cash transactions (internal control objective F) as we consider the balance too small to warrant detailed review. | Not covered |
| No observations and recommendations recorded. | |

| | |
|---|---------------------------|
| 7. Area Covered: Salaries are paid without approval and PAYE and NI requirements are not met | Level of Assurance |
| Opinion Statement: Mount Edgcumbe Joint Committee make payments through Plymouth City Council's SAP payroll system. A review of internal controls operating within the payroll system were found to be of a good standard. Payments cannot be made without authorised approval and appropriate documentation is retained to support each employee appointment and claim for additions to pay. Payroll expenditure payments were found to be correctly recorded, and PAYE and NI deductions made in accordance with HMRC regulations. | Good Standard |
| No observations and recommendations recorded. | |

APPENDIX B

| | |
|---|---------------------------|
| 8. Area Covered: Asset and investment registers are incomplete and inaccurate | Level of Assurance |
| <p>Opinion Statement: An asset register detailing Mount Edgcumbes fixed assets has been maintained for the 2009/10 financial year.</p> <p>A review of internal controls operated to ensure completeness and accuracy of the fixed asset register were found to be of a good standard.</p> <p>There have been no additions or disposals during the 2009/10 financial year.</p> <p>No observations and recommendations recorded.</p> | Good Standard |

| | |
|---|---------------------------|
| 9. Area Covered: Periodic and year end bank account reconciliations are not carried out | Level of Assurance |
| <p>Opinion Statement: Mount Edgcumbe Joint Committee do not have their own bank account and therefore, we have not undertaken work against control objective I.</p> <p>No observations and recommendations recorded.</p> | Not covered |

| | |
|--|---------------------------|
| 10. Area Covered: Accounting statements have not been prepared on the correct basis, agreed to the cash book or supported by an adequate audit trail | Level of Assurance |
| <p>Opinion Statement: The annual return has been prepared on an income and expenditure basis, supported by a complete audit trail. All entries in the accounting statement have been agreed back to the general ledger and Creditors and Debtors were found to be accurately stated.</p> <p>No observations and recommendations recorded.</p> | Good Standard |

Appendix B

Definitions of Audit Assurance Opinion Levels

| Assurance | Definition |
|------------------------------------|---|
| High Standard. | The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures. |
| Good Standard. | The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures. |
| Improvements required. | In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk. |
| Fundamental Weaknesses Identified. | The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority. |

Definition of Recommendation Priority

| Priority | Definitions |
|----------|--|
| High | A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met. |
| Medium | Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks. |
| Low | Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit. |

Confidentiality under the National Protective Marking Scheme

| Marking | Definitions |
|---|---|
| Not Protectively Marked or Unclassified | Documents, information, data or artefacts that have been prepared for the general public or are for the public web pages or can be given to any member of the public without any exemptions or exceptions to release applying, have the classification NOT PROTECTIVELY MARKED. Some organisations will also use the word UNCLASSIFIED for publicly available information. |
| Protect | Any material that may cause distress to individuals, breach proper undertakings to maintain the confidence of information provided by third parties, breach statutory restrictions on the disclosure of information, cause financial loss or loss of earning potential, or to facilitate improper gain, give unfair advantage for individuals or companies, prejudice the investigation or facilitate the commission of crime, disadvantage government in commercial or policy negotiations with others should be marked PROTECT. |
| Restricted | Information or data or documents that should only be shared between a specific group of work staff who have to demonstrate a need to know, because of the sensitive content, then the document must be marked RESTRICTED. |
| Confidential | Material that is so sensitive that only specific named staff should have access. Special handling rules apply and so CONFIDENTIAL must only be applied to highly sensitive data. |
| Secret and Top Secret | Information with this sensitivity is unlikely to be available to the Partnership and the Chief Executive of the relevant organisation must make the decision to apply either of these protective markings. These markings are only to be used with information that can only be shared on a strict must know basis, with each party having signed a specific confidentiality agreement. |

Small bodies in England

Annual return for the year ended

31 March 2010

Small relevant bodies in England with an annual turnover of £1 million or less must complete an annual return summarising their annual activities at the end of each financial year.

The annual return on the following pages is made up of four sections:

- **Sections 1 and 2** are to be completed by the person nominated by the body.
- **Section 3** will be completed by the external auditor.
- **Section 4** is to be completed by the body's internal audit provider.

The body must ensure this annual return is approved no later than 30 June 2010.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Please complete all sections highlighted in red. Do **not** leave any red box blank. Incomplete or incorrect returns may require additional external audit work and incur additional costs.

Please send the annual return, together with your bank reconciliation as at 31 March 2010, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your appointed external auditor by the due date.

If required, your auditor will identify and ask for any documents needed for audit. Unless requested, please do **not** send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the body for publication or public display of sections 1,2 and 3.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites (www.nalc.gov.uk or www.slcc.co.uk) or from the members area of the Association of Drainage Authorities website (www.ada.org.uk).

Section 1 – Accounting statements for:

MOUNT EDGCUMBE JOINT COMMITTEE

| | Year ending | | Notes and guidance |
|---|-----------------------|-----------------------|--|
| | 31 March 2009 £ | 31 March 2010 £ | |
| 1 Balances brought forward | 24,7787 | 125,026 | Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year. |
| 2 (+) Income from taxation and/or levy | 485,329 | 852,114 | Total amount of tax and/or levy received or receivable in the year including funding from a sponsoring body. |
| 3 (+) Total other receipts | 259823 | 393,240 | Total receipts or income as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here. |
| 4 (-) Staff costs | 508,028 | 737,302 | Total expenditure or payments made to and on behalf of all body employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses. |
| 5 (-) Loan interest/capital repayments | 7506 | 7506 | Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any). |
| 6 (-) Total other payments | 352,379 | 625,572 | Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5). |
| 7 (=) Balances carried forward | 125,026 | 0 | Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6) |
| 8 Total cash and short term investments | 110,137 | (119,138) | The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation. |
| 9 Total fixed assets and long term assets | 2,584,014 | 2,579,914 | The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g. loans to third parties and any long-term investments. |
| 10 Total borrowings | 46,371 | 217,976 | The outstanding capital balance as at 31 March of all loans from third parties (including PWLB). |

I certify that the accounting statements contained in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2010.

Signed by Responsible Financial Officer:

Date

I confirm that these accounting statements were approved by the body and recorded as minute reference:

Date

Signed by Chair of meeting approving these accounting statements:

Date

Section 2 – Annual governance statement

We acknowledge as the members of **MOUNT ED&CUMBE JOINT COMMITTEE** our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the body's accounting statements for the year ended 31 March 2009, that:

| | Agreed – Yes or No* | 'Yes' means that the body: |
|--|------------------------|--|
| 1 we have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices. | | prepared its accounting statements in the way prescribed by law. |
| 2 we have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. | | made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge. |
| 3 we have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the body to conduct its business or on its finances. | | has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so. |
| 4 we have provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations. | | during the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts. |
| 5 we have carried out an assessment of the risks facing the body and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required. | | considered the financial and other risks it faces and has dealt with them properly. |
| 6 we have maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems and carried out a review of its effectiveness. | | arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body and reviewed the impact of this work. |
| 7 we have taken appropriate action on all matters raised in reports from internal and external audit. | | responded to matters brought to its attention by internal and external audit. |
| 8 we have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements. | | disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant. |

This annual governance statement is approved by the body and recorded as minute reference

dated

Signed on behalf of

Signed by: Chair Date

Signed by: Clerk Date

***Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response that has been given; and describe what action is being taken to address the weaknesses identified.**

Section 3 – External auditor’s certificate and opinion

Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2010 of

ENTER NAME OF REPORTING BODY HERE

Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return which:

- summarises the accounting records for the year ended 31 March 2010; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

External auditor’s report

(Except for the matters reported below)* on the basis of our review, in our opinion the information contained in the annual return is in accordance with the Audit Commission’s requirements and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the body:

(continue on a separate sheet if required)

External auditor’s signature

External auditor’s name Date

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission’s publication entitled *Statement of Responsibilities of Auditors and of Audited Small Bodies*.

Section 4 – Annual internal audit report to

MOUNT EDGUMBE JOINT COMMITTEE

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2010.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

| Internal control objective | Agreed? Please choose from one of the following Yes/No*/Not covered** |
|---|---|
| A Appropriate accounting records have been properly kept throughout the year. | YES |
| B The body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for. | YES |
| C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | YES |
| D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. | NO |
| E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. | YES |
| F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for. | NOT COVERED |
| G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied. | YES |
| H Asset and investments registers were complete and accurate and properly maintained. | YES |
| I Periodic and year-end bank account reconciliations were properly carried out. | NOT COVERED |
| J Accounting statements prepared during the year were prepared on the correct basis (receipts and payments/income and expenditure), agreed with the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded. | YES |

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit: SOB WATTS

Signature of person who carried out the internal audit: Sob Watts Date: 14/6/2010

***Note:** If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

****Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2010 annual return

- 1 Please make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are approved by the body, properly initialled and an explanation for them is provided to the auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 2 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it off to the auditor.
- 3 Please do not send the auditor any information not specifically asked for. Doing so is not helpful. However, you must advise the auditor of any change in Clerk or Chair.
- 4 Make sure that the copy of the bank reconciliation which you send to your auditor with the annual return covers **all** your bank accounts. If your body holds any short-term investments, please note their value on the bank reconciliation. The auditor should be able to agree your bank reconciliation to Box 8 on the Statement of Accounts. **You must provide an explanation for any difference between Box 7 and Box 8.** More help on bank reconciliation is available in the *Practitioners' Guide**.
- 5 Please **explain fully** significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The auditor wants to know that **you** understand the reasons for all variances. Please include a complete analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guide** to assist you.
- 6 If the auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 7 Please make sure that your accounting statements add up! Also please ensure that the balance carried forward from the previous year (Box 7 of 2009) equals the balance brought forward in the current year (Box 1 of 2010).
- 8 **Do not complete section 3.** The external auditor will complete it at the conclusion of their audit.
- 9 Use the *Practitioners' Guides** for guidance. These publications are regularly updated and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines open should you wish to talk through any problem you may encounter.

| Completion checklist – 'No' answers mean you may not have met requirements | | Done? |
|--|--|-------|
| All sections | All red boxes have been completed? | |
| | All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit. | |
| Section 1 | Approval by the body confirmed by signature of Chair of meeting approving the accounting statements? | |
| | An explanation of significant variations from last year to this year is provided? | |
| | Bank reconciliation as at 31 March 2010 agreed to Box 8? | |
| | An explanation of any difference between Box 7 and Box 8 is provided? | |
| Section 2 | For any statement to which the response is 'no', an explanation is provided? | |
| Section 4 | All red boxes completed by internal audit and explanations provided? | |

***Note: Governance and Accountability for Local Councils in England – A Practitioners' Guide, is available from NALC and SLCC representatives or Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guide, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL.**