

**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

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

Subject: Revenue/Capital Monitoring 2009/10 and draft budget
2010/11

Committee: Mount Edgcumbe Joint Committee

Date: 5 February 2010

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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 and forecast for 2010/11.

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 £230,000 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. The challenge for the business case being reported separately is to deliver an affordable trading operation for income streams that is aligned to the level of constituent authority support available.

A medium term business plan is required for the committee to consider which will address the appropriate level of reserves.

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

- To operate within level of constituent authority support will require a higher level of income from commercial activities which in first full year of trading needs to be established and maintained.
- Efficiencies have been incorporated within the draft budget which requires close monitoring to ensure they are achieved and consideration for the impact on the wider house & park operation.
- The level of reserves needs to be addressed and supported from future trading activities to enable reinvestment and sustainability of trading operations.

Recommendations and Reasons for Recommended action:

It is recommended that the Joint Committee:

- a) notes the report.
- b) Notes that each constituent authority has been approached to consider additional financial support of up to £100,000 (per authority) to address the 2009/10 revenue shortfall, having made all efficiencies to mitigate the deficit and using Joint Committee reserves.
- c) Notes that current budget projections contained within this report are supported by the separately presented Commercial Business Planning case and are based on constituent authority support remaining at current levels of £384,000, (£192,000 per authority).
- d) Manages the risks contained within the budget in particular catering and retail operations to achieve the higher trading surplus.
- e) Plan for a minimum level of reserves which provides contingency for a sustainable long term future.

Alternative Options Considered and reasons for recommended action:

N/A.

Background Papers: Mount Edgcumbe Revenue Budget Financial update – 6th March 2009, 31st July 2009 and 4th December 2009.**Sign Off**

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|------------------------|--|-----|--|----|--|----|--|----|--|
| Fin | | Leg | | HR | | AM | | IT | |
| Originating SMT Member | | | | | | | | | |

MOUNT EDGCUMBE JOINT COMMITTEE

Mount Edgcumbe Joint Committee – 5 February 2010

REVENUE AND CAPITAL BUDGET MONITORING

1. INTRODUCTION

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

2. 2009/10 REVENUE MONITORING

2.1. There has been a small increase of £15,000 to the trading deficit reported to last months Joint Committee which now stands at a current projected operating deficit of £230,000.

2.2. Broadly the trading deficit has been as a result of ongoing budget pressures through Job Evaluation together with the trading shortfall during the soft launch of new trading operations. The increased deficit from that previously reported is detailed below and summarised in Appendix A:

2.2.1. A further review of salary costs for core staffing has identified further costs as result of Job Evaluation appeal process and a cost for a post inadvertently excluded from previous forecast.

2.2.2. Costs for agency staff supporting the new trading operations have exceeded the previous projection and is an area of further scrutiny by the Park Manager/Commercial consultant and constituent authority finance officers. A further cost of nearly £14,000 has been projection but there is challenge to reduce spend in this area.

2.2.3. Marketing costs required to support the main 2010 launch have slipped and are now included in 2010/11 budget projections.

2.2.4. Grant income in relation to work done dealing with Sudden Oak Death have now been confirmed as £146,000 for two years with work to the value of £73,000 expected to be complete by 31st March 2010.

2.2.5. Income from new trading operations has been reduced to reflect higher cost of sale spend which is being analysed further.

2.2.6. Review all remaining spend to identify efficiencies and review income opportunities to reduce the final demand on both authorities and reserves.

3. MEDIUM TERM FINANCIAL FORECAST 2010/11

3.1. Projections for the financial year 2010/11 have been included in Appendix B with income targets aligned to the Commercial Business Planning case being reported separately to this joint committee and achievement of efficiency savings.

3.2. Incorporates the following unsupported borrowing commitments all to be repaid over ten years, year of borrowing in brackets :

Lift Replacement - £57,963 (2006/07) cost of £7,506 p.a.

Fit out of retail/stables - £125,000 (2009/10) cost of £15,250 p.a.

Window & heating work Barrow Park - £52,400 (2009/10) cost of £6,394 p.a.

3.3. Initial forecasts indicated a trading deficit of £50,000 which through management action targeting seasonal posts, grounds maintenance and increasing income targets specifically with function catering has brought back to a balanced budget and has started to address the level of reserves held.

3.4. For budget planning purposes Officers are assuming the continuation of contributions given to the Joint Committee, currently £192,000 a piece.

3.5. It is recognised that 2010/11 will require robust scrutiny of the developing trading operation particularly in light of the revenue shortfall highlighted this year. This will in turn require a further challenging review of budgets to enable the Joint Committee to address both the likely financial constraints from the constituent authorities and the future impact from any loss of grant funding in relation to Sudden Oak Death work.

4. **2009/10 CAPITAL MONITORING**

Final costings are awaited from Cornwall Council on the outbuilding project which when received will identify if there is a further unsupported borrowing requirement for the Joint Committee to consider.

5. **RESERVES**

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

6. **RECOMMENDATIONS**

It is recommended that the Joint Committee:

7.

7.1. It is recommended that:

- I. notes the report.
- II. Notes that each constituent authority has been approached to consider additional financial support of up to £100,000 (per authority) to address the 2009/10 revenue shortfall, having made all efficiencies to mitigate the deficit and using Joint Committee reserves.
- III. Notes that current budget projections contained within this report are supported by the separately presented Commercial Business Planning case and are based on constituent authority support remaining at current levels of £384,000, (£192,000 per authority).
- IV. Manages the risks contained within the budget in particular catering and retail operations to achieve the higher trading surplus.
- V. Plan for a minimum level of reserves which provides contingency for a sustainable long term future.