

PLYMOUTH CITY COUNCIL

Subject: Revenue Budget Monitoring 2012/13
Committee: Mount Edgcumbe Joint Committee
Date: 14 December 2012
Joint Chairs: Councillor Peter Smith, Plymouth City Council
Councillor Trubody, Cornwall Council
Cabinet Member: Councillor Peter Smith, Plymouth City Council
Councillor Armand Toms, Cornwall Council
CMT Member: Anthony Payne, Director for Place, Plymouth City Council
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Ref: ME
Key Decision: No
Part: I

Purpose of the report:

This report presents an update of the financial position for the Joint Committee for financial year 2012/13.

Members' attention is drawn to the confidential information referred to in agenda item 9 which is considered to be commercially sensitive.

Corporate Plan 2012-2015:

Plymouth City Council:

This monitoring report links to delivering the priorities within the Council's corporate plan.

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

Current monitoring has highlighted an operating shortfall of £10,000. This is no change since last joint committee however the pressures identified are now in different areas of the operation.

There is also a high probability in both current and future years of further shortfalls as the on-going rent review on Treninnow Chalets is now looking at a new annual rent of between £800-840 per chalet when original budget was set at £1,033 per chalet after recommendations from an independent report from GVA Commercial Property and Property Management. Based on the mid-point of current recommendations of £820 this would be a further £17,620 pressure in current and future years. Officers are currently working on ways of mitigating this potential shortfall.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

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

Recommendations and Reasons for recommended action:

It is recommended that the Joint Committee notes the report.

Alternative options considered and reasons for recommended action:

None

Background papers: Mount Edgcumbe 2011 budget setting

Sign off:

Fin		Leg		HR	N/A	Corp Prop	N/A	IT	N/A	Strat Proc	N/A
Originating SMT Member David Draffan											

1. INTRODUCTION

- 1.1 The report has been produced to update the Joint Committee with the monitoring position as at 30 October 2012.
- 1.2 Variations are reported in the appendices and broken down by park operation. The agreed budget for each constituent authority in 2012/13 is £192,000.

2. 2012/13 MONITORING VARIATIONS

- 2.1 The June report to the Joint Committee forecast that Mount Edgcumbe would overspend by £10,000 for this financial year mainly down to drops in wedding and event income streams. This has been addressed by management in recent months and some savings have been found. However due to the poor weather both Car park and trading income has been reduced so there is still a £10,000 adverse forecast reported for the year with pressures now mainly in the trading part of the operation.

3. 2012/13 BACKGROUND

- 3.1 After large overspends in financial years 2009/10 and 2010/11 the Mount Edgcumbe Officers Working group planned various initiatives to bring the budget back to the original plans that each authority is to contribute £192,000 towards the running of the park making a total budget of £384,000. These plans included increasing last year's contributions by £45,000 per authority on a one-off basis to give the park management time to implement these initiatives. The majority of these initiatives have come to fruition but some have experienced small delays, particularly the procurement and installation of the Marquee to enable the park to offer a quality wedding venue. Due to this delay income targets for weddings are unlikely to be met which is why we are forecasting a 10k potential short fall this year which management are working at ways of reducing to enable the park to run to budget this year.

4. 2012/13 MONITORING VARIATIONS

- 4.1 **Mount Edgcumbe House Forecast £720** the £720 pressure is a combination of Income shortfall of £22,386 partially offset by savings in expenditure of £21,666.

Last year the budget included up to 4 weddings in the marquee but due to the delay in installation it is unlikely there will be any weddings in the Marquee this financial year so we are forecasting a £15,000 adverse variation on events income. House admissions are down by over £5,000 and room bookings are also lower than budgeted.

After analysing the detail in the budget we identified savings of £10,000 on a combination of Purchase and Maintenance of equipment, fuel, and some pest control work of almost £6,000 against budgeted spend thanks to corporately negotiated savings on insurances and cash collection and by not building a contingency fund there will be an annual saving of £5,896.

- 4.2 **Mount Edgcumbe park Forecast £700 pressure** The £700 pressure is a combination of Income shortfall of £8,000 partially offset by savings in expenditure of £7,300.

We are now forecasting a drop in car park income of £8000. The budget was set on the same amount of visitors as last year and assumed that that they would pay the 50% increase in car park charges that were raised from October 2011.

It is fair to say that a very wet summer has reduced the number of visitors this year which in turn has affected the car park.

This is almost all offset by expenditure savings on maintenance costs. These savings can be achieved by only carrying out essential maintenance on roads and paths for the rest of this financial year.

- 4.3 **Mount Edgcumbe trading Forecast £8,580 pressure** the £8580 pressure is a combination of 3 things. There has been a shortfall of £3,052 in house shop trading figures and estimated at £2,000 shortfall in Cremyll shop income and £4,728 less commission then budgeted for from Estate catering, £1,200 of extra income will be raised by more stores at this year's Christmas fare. The retail shortfall is predominantly down to the lack of visitors to the park and the Catering commission is lower as the amount of Weddings and other functions in the Orangery, house and Marquee where not as many as anticipated. They was a similar amount of weddings but we anticipated 3 or 4 Marquee weddings and there was an expectation that The Treasury would bring more functions to the Orangery.

5. **BUDGET RISK**

- 5.1 There is one projection that has been incorporated within the budgeted figures that has a high risk of change that members should note, that is the Trenninow Chalet rent review. Budget was set on a large rise in rental income based on an independent report that advised market rate would be between £1,000 and £1,100 per chalet. MEOW group based future budget towards the lower end at £1033 per chalet so if new rent is below this there will be a pressure. Below table shows difference depending on final agreed rate, at the moment we are now being advised that the final rent will be between £800 and £840 per chalet representing a pressure of between £15k-19k a year in this and future years.

Potential Settlement	£800	£820	£840
Income at new rate	£64,800	£66,420	£68,040
Budget	£83,680	£83,680	£83,680
Difference	£18,880	£17,260	£15,640

6. **RECOMMENDATIONS**

- 6.1 It is recommended that the Joint Committee notes the report.