

PLYMOUTH CITY COUNCIL

Subject: Revenue Budget Monitoring 2016/17

Committee: Mount Edgumbe Joint Committee

Date: 25 November 2016

Joint Chairs: Councillor Mrs Pengelly, Plymouth City Council
Councillor Joyce Duffin, Cornwall Council

Cabinet Member: Councillor Jordan, Plymouth City Council
Councillor Duffin, Cornwall Council

CMT Member: Anthony Payne, Strategic Director for Place, Plymouth City Council
Peter Marsh, Head of Commissioning and Asset Management, Cornwall Council

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Ref: SF Place Fin.

Key Decision: No

Part: I

Purpose of the report:

This report presents an update of the financial position for the Mount Edgumbe Joint Committee for financial year 2016/17.

The Corporate Plan 2016- 2019:

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

The current year end forecast in 2016/17 is projecting a £58k deficit. Management continue to review expenditure and income opportunities in order to mitigate this.

Other Implications: e.g. Child Poverty, Community Safety, Health & Safety and Risk Management:

Increased risk management will need to take place to manage the impact of the challenging financial position. Increased focus to sensibly capitalise on existing assets, to generate new and / or more income as soon as possible.

Recommendations and Reasons for recommended action:

It is recommended that Joint Committee:

- Notes the financial position contained in the report along with the risks, issues and any mitigating actions
- Approves the capital proposals to be presented to Plymouth City Council's Investment Board

Alternative options considered and rejected:

None

Published work / information:

None

Background papers:

None

Sign off:

Fin	SF FIN1617130	Leg	N/A	Mon Off	N/A	HR	N/A	Assets	N/A	IT	N/A	Strat Proc	N/A
Originating SMT Member: David Draffan													
Has the Cabinet Member(s) agreed the contents of the report? Yes/No													

Section I

I.1 Revenue financial summary

Business type	Activity volumes			2016/17 Budget			2016/17 Forecast			Variation to budget	Risks & management actions required
	Budget	Forecast	Variance	Income	Exp.	Net	Income	Exp.	Net		
				£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Staffing & operations			0	-14	510	496	-37	513	476	-21	
House			0	-55	51	-3	-41	74	33	36	
Gardens			0	0	18	18	0	34	34	16	
Grounds			0	-27	78	51	-27	62	35	-16	
Trading activities:											
<i>Rents</i>			0	-108	34	-74	-114	48	-66	8	
<i>Holiday Lets</i>			0	-27	6	-21	-27	3	-24	-2	
<i>Chalets</i>			0	-66	0	-66	-66	0	-66	0	
<i>Glamping</i>			0	-29	0	-29	0	0	0	29	
<i>Parking</i>			0	-71	1	-69	-71	2	-68	1	
<i>Special events</i>			0	-22	24	2	-22	33	11	9	
<i>Conferences</i>			0	-15	6	-9	-2	7	5	14	
<i>Weddings</i>			0	-87	21	-66	-90	20	-70	-4	
<i>Filming (future Opp)</i>			0	0	0	0	0	0	0	0	
<i>Misc. activities</i>			0	-7	3	-4	-7	3	-4	0	
Total operations	0	0	0	-528	752	224	-504	799	295	71	
Subsidy Corn.CC				-112	0	-112	-119	0	-119	-7	
Subsidy PCC				-112	0	-112	-119	0	-119	-7	
Subsidy total				-224	0	-224	-238	0	-238	-14	
Deficit / (Surplus)						0			58	58	

Note

Staffing & operations heading requires apportionment to give a true financial position.

I.2 Commentary

Key variations can be summarised as:

- £15k Higher electricity charges than budgeted
- £20k Previously uncharged and backdated electricity charges from 2013/14 to 2015/16
- £29k Budgeted glamping income will not be achieved
- £12k Admissions income lower than budgeted
- (£18k) Favourable variations across the whole of Mt. Edgcumbe
- **£58k Total**

Staffing & operations

Position looks favourable due to the inclusion of donations relating to new Knott garden and special events

House

Admissions income has been lower than budgeted but closely comparable with 2015/16 income. Higher than budgeted and back-dated electricity charges from 2013-2015 being presented to Mt. Edgcumbe for payment in 2016/17.

Gardens

New Knott garden has created an overspend but donations from the Friends of Mt. Edgcumbe has resulted in a nil variation.

Grounds

Saving on works carried-out to date and anticipated for the rest of the financial year resulting in underspend forecast to-date. This forecast does not include any further tree safety works.

Trading activities

Reduced surplus due to:

- Higher than budgeted and back-dated electricity fees from 2013-2015 unexpectedly charged to Mt. Edgcumbe for payment in 2016/17, spread over mainly rental units and weddings
- Lack of progress in developing a glamping site resulting in no income achieved
- Unachieved conference income due to lack of conference bookings
- Special events overspend expected to be mitigated by donations received against staffing & operations

Subsidy

Has been reduced by £60k (£30k each authority) in 2016/17 as part of the ongoing initiative towards Mt. Edgumbe becoming self-sufficient by developing new income and further reducing costs through efficiency savings. Forecast subsidy is higher than £112k budget due to further approved contribution paid by each authority for salary on cost rebate no longer received. Please see appendix 1. for prior year subsidy trend analysis.

Section 2

2.1 Medium term revenue budget planning 2017–20 proposals

Business type	2017/18 Budget			2018/19 Budget			2019/20 Budget			Comments
	Income	Exp.	Net	Income	Exp.	Net	Income	Exp.	Net	
	£000's			£000's			£000's			
Staffing	-117	566	449	-117	566	449	-117	566	449	Subject to change, pending outcome of agreed joint authority subsidy & approval of capital projects - DRAFT budget
House	-42	57	15	-42	57	15	-42	57	15	
Gardens	0	18	18	0	18	18	0	18	18	
Grounds	-27	85	58	-27	85	58	-27	85	58	
Trading activities	-439	123	-316	-439	123	-316	-439	123	-316	
Total operations	-624	848	224	-624	848	224	-624	848	224	
Subsidy Corn.CC	-112	0	-112	-112	0	-112	-112	0	-112	
Subsidy PCC	-112	0	-112	-112	0	-112	-112	0	-112	
Subsidy total	-224	0	-224	-224	0	-224	-224	0	-224	
Deficit / (Surplus)			0			0			0	

Budgets are work in progress due to joint authority subsidy yet to be finalised. Budgets will progress savings targets, future income streams (includes parking and events) and revenue implications of capital projects proposed.

Note

Loan repayments for seawall defence repairs will not be factored into these draft budgets until the outcome of the Environment Agency grant bid is known.

Section 3

3.1 Approved capital programme

Scheme	Funding	Prior Years Spend	16/17 Budget	16/17 Spend & committed	16/17 Forecast	17/18 Budget	18/19 Budget	19/20 Budget	Total Scheme cost
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Sea Wall Repairs	Loan (50% Corn.CC & 50% PCC), plus grant BID with Environment Agency.	0	600	0	600	0	0	0	600
Higher Level Stewardship	Ringfenced grant	79	286	275	286	0	0	0	365

Sea wall repairs

Work has yet to begin and not expected to start until February 2017 at the earliest. The Environment Agency grant application is still work in progress.

3.2 Proposals for future capital projects

Proposed future projects	Possible funding	Mandate	Business case	Leader approval		Key:		
Restoration & maintenance								
Restoration works on French Conservatoire as an education room and art school	Herritage Lottery Fund grant	Bid expected to be submitted for work to begin in 2018/19						
Restoration of English Garden House	Herritage Lottery Fund grant & Landmark Trust grant	Bid expected to be submitted for work to begin in 2018/19						
Income generation								
Flat 6 holiday let refurbishment	Loan	Business case being put forward to City Council Investment Board (CCIB)	See appendix 2.					
Glamping huts	Loan	Business case being put forward to City Council Investment Board (CCIB)	See appendix 2.					
Conversion of Capt. Blake's Hut to luxury holiday let	Loan	Business case being put forward to City Council Investment Board (CCIB)	See appendix 2.					
Conference room upgrade to WIFI connectivity	Loan	Business case being put forward to City Council Investment Board (CCIB)	See appendix 2.					
Rame car park charging	Loan	Business case being put forward to City Council Investment Board (CCIB)	See appendix 2.					
West Lodge conversion into a holiday let	Loan	Business case being put forward to City Council Investment Board (CCIB)	See appendix 2.					
Gardeners Lodge conversion into a holiday let	Loan	Business case being put forward to City Council Investment Board (CCIB)	See appendix 2.					
Conversion of Maker kennels into a four birth stables livery	Loan	Business case being put forward to City Council Investment Board (CCIB)	See appendix 2.					
Develop and create Mt. Edgcumbe website	Loan	Business case being put forward to City Council Investment Board (CCIB)	See appendix 2.					

Section 4

4.1 Recommendations

It is recommended that Joint Committee:

- Notes the financial position contained in the report along with the risks, issues and any mitigating actions
- Approves the capital proposals to be presented to Plymouth City Council's Investment Board

Appendix. I

I.0 Income & expenditure V's subsidy

Financial performance over last 6 years.

