

PLYMOUTH CITY COUNCIL

Subject: Revenue Outturn 2016/17 and Budget 2017/18

Committee: Mount Edgumbe Joint Committee

Date: 28 July 2017

Cabinet Member: Councillor Jordan (Plymouth City Council)
Councillor James (Cornwall Council)

CMT Member: Anthony Payne (Strategic Director for Place- Plymouth City Council)
Peter Marsh (Service Director – Environment – Cornwall Council)

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Ref: SF Place Fin.

Key Decision: No

Part: I

Purpose of the report:

This report presents the final outturn position of Mount Edgumbe for the financial year 2016/17 and confirms the 2017/18 budget.

The Corporate Plan 2016 -19:

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

In November 2016, a forecast position of £58k deficit was reported to the Joint Committee. The final outturn is a £20k surplus.

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 as well as monitor commercial projects delivery times and ensuring they perform in accordance with budgets set. 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
 - Progresses a decision on 2017/18 and onwards, as to the audit arrangements
-

Alternative options considered and rejected:

None

Published work / information:

None

Background papers:

See appendix

Sign off:

Fin	pl1718.52	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													

I.1 Revenue outturn 2016/17 - Financial summary

Business type	Activity volumes			2016/17 Budget			2016/17 Outturn			Variation to net budget	Comments
	Potential /Average	Actual	Variance	Income	Exp.	Net	Income	Exp.	Net		
			%	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Staffing & operations				-14	510	496	-43	510	467	-29	
House		6415		-53	51	-2	-30	63	34	36	Visitor admissions
Gardens				0	18	18	0	30	30	12	
Grounds				-27	72	45	-57	73	16	-29	
Trading activities:											
<i>Rents</i>		328		-143	40	-103	-146	47	-99	4	Ac days occupied in 16/17
<i>Holiday Lets</i>		155		-27	5	-22	-30	9	-21	1	Av days occupied in 16/17
<i>Chalets</i>				-66	0	-66	-68	0	-68	-2	Occupancy over financial year
<i>Glamping</i>				-29	0	-29	0	0	0	29	Not operational for 16/17
<i>Parking</i>				-71	1	-70	-75	2	-73	-3	No figures available
<i>Special events</i>				-22	24	2	-32	27	-5	-7	Number of events held?
<i>Conferences</i>		9		-15	6	-9	-5	1	-4	5	Total annual bookings
<i>Weddings</i>		22		-52	21	-31	-58	13	-45	-14	22 weddings & 25 receptions
<i>Filming (future Opp)</i>		4		0	0	0	-9	0	-9	-9	
<i>Misc. activities</i>				-7	3	-4	-6	1	-6	-2	No measurable comparison
Total operations				-526	751	224	-558	775	218	-6	
Subsidy Corn.CC				-112	0	-112	-119	0	-119	-7	Additional cont. for increased staffing costs
Subsidy PCC				-112	0	-112	-119	0	-119	-7	
Subsidy total				-224	0	-224	-238	0	-238	-14	
Deficit / (Surplus)						0			-20	-20	

Note

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

I.2 Commentary

Key variations can be summarised as:

- £14k Increased electricity charges
- £20k backdated electricity bills;
- £29k income from “Glamping” not achieved
- (£28k) various other low value favourable variations including reduced salary costs, additional rental income and managed budget savings.
- (£29k) Potential grounds risks not realised - reduced maintenance due to less weather damage and replacement costs than expected
- (£15k) Various additional income including from last minute wedding bookings, donations and service charge income not previously collected from users
- (£9k) Overtime and temporary staffing reduction arising from a reduction in planned weekend working
- (£11k) Overheads, professional fees, new telephone provider
- (£6k) Unexpected backdated income from Lady Emma’s cottage
- (£5k) Parking income in Q4 more than anticipated
- £20k NB - Element of Cornwall County Council contribution 2016/17 that is not required to fund 50% of spend, has been transferred to a reserve account, to meet potential future budget pressures.
- **(£20k) Total**

Staffing & operations

Position looks favourable due to the inclusion of donations relating to new Knott Garden, Black Bee Reserve 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 & Black Bee Reserve has created an overspend but off-set by donations from the Friends of Mt. Edgcumbe.

Grounds

Saving on works carried-out as potential grounds risks not realised – Reduced maintenance due to less weather damage and replacement costs than expected.

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 – Mitigated by increased income from weddings
- Lack of progress in developing a glamping site resulting in no income achieved – Mitigated by increased income from special events, weddings and filming
- Unachieved conference income due to lack of conference bookings

Subsidy

This was higher than £112k budgeted due to further approved contribution paid by each authority for a salary on-cost rebate no longer being received by local authorities. Please see appendix I. for prior year subsidy trend analysis.

Section 2

2.1 Revenue budget planning 2017/18

Business type	2017/18 Budget			2017/18 Latest Forecast			Variation to net budget	Risks & management actions required
	Income	Exp.	Net	Income	Exp.	Net		
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Staffing & operations	-14	501	487	-14	501	487	0	
House	-42	55	13	-42	55	13	0	
Gardens	0	16	16	0	16	16	0	
Grounds	-27	97	70	-27	97	70	0	
Trading activities:								
<i>Rents</i>	-161	61	-100	-161	61	-100	0	
<i>Holiday Lets</i>	-45	12	-33	-45	12	-33	0	Flat 4 & Capt. BLK's hut now not expected to be ready until nearer the end of holiday season - Pot. 5 mth's lost income. Expected to be off-set by reduced borrowing charges in 2017/18.
<i>Chalets</i>	-66	0	-66	-66	0	-66	0	
<i>Glamping</i>	-15	2	-13	-15	2	-13	0	Bookings started on 14/06/2017 - Budgeted assumptions were from start of May. Any loss of income expected to be off-set by reduced borrowing charges in 2017/18.
<i>Parking</i>	-83	1	-81	-83	1	-81	0	Application submitted for charge increase but still waiting for process to conclude with Corn.CC. Senior management to see if this can be expediated.
<i>Special events</i>	-22	29	8	-22	29	8	0	
<i>Conferences</i>	-15	11	-5	-15	11	-5	0	
<i>Weddings</i>	-58	7	-52	-58	7	-52	0	
<i>Filming (future Opp)</i>	0	2	2	0	2	2	0	
<i>Misc. activities</i>	-7	3	-4	-7	3	-4	0	
Total operations	-554	797	243	-554	797	243	0	
Subsidy Corn.CC	-112	0	-112	-112	0	-112	0	
Subsidy PCC	-112	0	-112	-112	0	-112	0	

Section 3

3.1 Approved capital programme

Scheme	Funding	Prior Years Spend	16/17 Actual spend	17/18 Budget	18/19 Budget	Total Scheme cost
		£000's	£000's	£000's	£000's	£000's
Sea Wall Repairs	Loan (50% Corn.CC & 50% PCC) and Environment Agency grant. Funded outside of Mt.Ed. accounts	0	130,803	569,197	0	700,000
Mount Edgcumbe Marquee Floor	Contribution (50% Corn.CC & 50% PCC). Funded outside of Mt.Ed. accounts	0	22,502	0	0	22,502
Mount Edgcumbe Commercialisation	Loan (50% Corn.CC & 50% PCC)	0	40,265	179,545	84,310	304,120
Higher Level Stewardship	Ringfenced grant	78,968	287,899	0	0	366,866
Total		78,968	481,468	748,742	84,310	1,393,488

Note

Sea wall repairs and the marquee floor replacement are now being funded outside of Mt. Edgcumbe's accounts.

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						Business case presented to CCIB

Section 4

4.1 Accounts Audit

Mount Edgumbe is no longer legally required to complete a Small Bodies Audit & has not instructed an auditor to carry one out. As Mount Edgumbe forms part of both Plymouth & Cornwall authority's statement of accounts, it is already subject to both ongoing internal and external interim / annual audit checks.

Note, as to future intentions regarding audit arrangements, **it still requires a decision to confirm whether Mount Edgumbe continues with this arrangement.**

As the Annual Governance Statement is no longer required for the Small Bodies Audit, this year, we have included (see appendix A) Plymouth City Council's most up-to-date version, which is essentially Mount Edgumbe's too.

Section 5

5.1 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, subject to a details business case
- Progresses a decision on 2017/18 and onwards, as to the audit arrangements

Appendix. I

I.0 Income & expenditure V's subsidy

Financial performance over last 7 years.

