

CLYDE MUIRSHIEL PARK AUTHORITY

To: Joint Committee

On: 19 June 2020

Report by: The Treasurer

Heading: Financial Outlook 2020/21

1. Summary

- 1.1 The following report has been prepared by the Park Treasurer to update the Joint Committee with regards the financial position of the Park Authority.
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2 Recommendations

- 2.1 It is recommended that members:

- (a) Note the financial outlook, and that this outlook is subject to considerable volatility as the impact of the Coronavirus pandemic on Park activities evolves
 - (b) approve the utilisation of reserve balances to meet the projected funding gap as outlined in paragraph 4.5.
 - (c) note that further financial support from member councils may be required in order for the Park Authority to remain financially sustainable in 2020/21.
 - (d) note that further updates will be provided to future meetings of the Joint Committee
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3 Background

- 3.1 The Annual Revenue Estimates for 2020/21 were agreed by the Joint Committee in February 2020; at which point it was also agreed that an updated financial outlook would be provided to the Joint Committee in light of

the significant reduction in requisition income in order for officers to assess what actions were required to ensure the park operations remain sustainable.

- 3.2 The revenue estimates agreed reflected the continuing of park operations as normal but recognised that the reduction in requisition income presented a challenging financial environment; with a deficit of £82,000 being forecast.
- 3.3 Since the revenue estimates were agreed, services delivered in the Park have been severely affected by the Coronavirus pandemic. Park staff continue to carry out essential work recognising the restrictions placed on them in terms of social distancing and limited movement; but organised activities and commercial operations have ceased. This has a significant financial impact – in effect no commercial income is being generated. Commercial income is crucial to the financial sustainability of the Park and accounts for nearly half of the Park Authority's income.
- 3.4 The impact on park operations from the pandemic and associated lockdown restrictions will continue to evolve as the government's advice also evolves; however it is clear that restrictions on movement and social distancing are likely to remain in place for some time. The summer season is critical for the park in terms of activities and income generation with the majority of income being generated during this period, therefore it is not an unrealistic proposition that no or very limited commercial income will be generated in 2020/21.
- 3.5 The Park Coordinator is working closely with the Treasurer and the finance team to as far as possible mitigate ongoing costs in order to try and address the financial gap expected. This position will continue to be closely monitored with updates provided to the Joint Committee at future meetings.

4 Budget Forecast

- 4.1 A potential "pessimistic" expenditure forecast has been constructed (see Appendix 1) on the basis of the following assumptions:-
 - No commercial income being generated in 2020/21
 - Staff costs have been adjusted to reflect limited park activities ie core staff costs are included but no overtime or seasonal staff costs are expected
 - Non-pay costs have been adjusted and mitigated where possible eg food provisions costs are reduced as there is no café services operating
 - Council requisition income remains as per the agreed revenue estimates
- 4.2 The agreed revenue estimates forecast a deficit of £82,400; with the Joint Committee agreeing the use of reserves up to £30,000 in advance of this updated financial outlook. The impact of Coronavirus is expected to increase the forecast deficit to £166,700 based on the above assumptions. While this forecast is deliberately pessimistic in order that the Park has a clear view of the potential financial position, it is not implausible.

- 4.3 It is possible that given the recent publication by the Scottish Government of a “routemap” for restrictions potentially being lifted that some element of activities may still be possible and income generation may recommence, this is at this stage difficult to forecast.
- 4.4 The unaudited annual accounts for 2019/20 confirm a reserves balance of £112,000 as at 31 March 2020. This amount is insufficient to meet the potential deficit forecast above. The Park Coordinator and the Treasurer will continue to examine all options for cost mitigation and income generation in the coming weeks, including the investigation of existing project balances as to whether these balances (reflected as creditors in the annual accounts) may be released to support the financial position. However, it is possible that additional financial support from requisitioning councils will be required in order to allow the Park Authority to remain financially sustainable. Any significant factors which affect either expenditure or income would be reported to Members at the earliest opportunity.
- 4.5 In the interim, authority is requested to allow the use of reserves and provisions to their full extent in order to ensure the continuation of park operations.

Clyde Muirshiel Park Authority

Revised Revenue Estimates for 2020/21

	Approved February 2020/21 £	COVID-19 Adjustments 2020/21 £	Recommended 2020/21 £
Expenditure			
Employee costs	587,200	(147,400)	439,800
Property Costs	36,900	(11,500)	25,400
Supplies & Services	132,900	(90,800)	42,100
Contractors	12,500	-	12,500
Transport	32,500	(2,500)	30,000
Administration Costs	62,800	(11,600)	51,200
Payments to Other Bodies	1,800	-	1,800
Total Budgeted Expenditure	866,600	(263,800)	602,800
Income			
Shop Retail Income	157,700	(157,700)	-
Sales, fees & charges	180,000	(180,000)	-
Other Income	10,900	(10,400)	500
Total Generated Income	348,600	(348,100)	500
Requisition Payable by Member Councils			
Renfrewshire	311,000	-	311,000
Inverclyde	124,600	-	124,600
North Ayrshire	-	-	-
Total Budgeted Income	784,200	(348,100)	436,100
Budgeted (Surplus)/Deficit for Year	82,400	84,300	166,700