

# CLYDE MUIRSHIEL PARK AUTHORITY

**To:** Joint Committee

**On:** 17 February 2017

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**Report by:** The Treasurer

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**Heading:** 2017-18 Revenue Estimates

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## 1. Summary

- 1.1 The following report has been prepared by the Park Treasurer to present the Revenue Estimates and to establish the requisition of the Clyde Muirshiel Park Authority (CMPA) for the financial year 2017/18.
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## 2 Recommendations

- 2.1 It is recommended that members:

- (a) approve the Revenue Estimates of the Joint Committee for the financial year 2017/18 per Appendix 2, and agree the requisitions payable by each member council per Appendix 1, and
  - (b) note any decision on requisitions will be subject to ratification by member Councils and instruct the Park Manager to report back on the implications for Park Services should any member council agree any alteration to the level of requisition recommended by the Park Authority.
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## 3 Background

- 3.1 A review of the Park's Management and Governance Structure was completed and initial findings were reported to the Joint Committee at its meeting of 20 February 2015. The rationalisation of costs and review of income generation has facilitated a reduction in member authority requisitions of £329,000 over the period from 2013/14 to 2016/17. Savings of 16.1% in requisition were approved for implementation in 2014/15, with further savings of 5.8% and 14.3% approved for implementation in financial years 2015/16 and 2016/17 respectively. It is proposed to maintain the requisition for 2017/18 at 2016/17 levels to allow a year to consolidate the rationalisation of management and governance which has been implemented to date.

- 3.2 It is also recognised that over the medium term, local government in Scotland is likely to face a further contraction in available resources, relating predominately to the provision of revenue grant from the Scottish Government. In this context it is recognised that this is likely to have a consequential impact of the level of requisition funding available to the Park Authority.
- 3.3 At present the local government grant settlement has been made available for 2017/18, however the Scottish Government has indicated that the settlement figures will be for a single year only. In this context and recognising the uncertainty over the level of financial contraction which local government is likely to face over the medium term, no indicative budget figures are provided for 2018/19.

#### **4 Budget Assumptions**

- 4.1 The budget has been constructed on the basis of the following assumptions:-
- inflation on Employee Costs is assumed at 1.0% per annum for 2017/18;
  - no inflation adjustment to all non-pay expenditure lines as per the practise adopted in previous years;
  - adjustments to budget lines to reflect operational experience and historic trends; and
  - income from Sales, Fees and Charges reflects the current Pricing Policy approved by the Joint Committee.
- 4.2 The Park Manager will continue to control expenditure on a "bottom line" basis in order that the effective management of the Park's operational finances continues. Any significant factors which affect either expenditure or income would be reported to Members at the earliest opportunity.

#### **5 Financial Overview**

- 5.1 The Park Authority's current operational methods, structure and long term financial arrangements will remain under continuous review by the Park Manager and the Treasurer and considerable efforts have been made to meet the financial challenges facing both the organisation and its requisitioning authorities over the medium term.
- 5.2 The outlook in the medium term is characterised by uncertainty. Single year settlements together with enhanced powers for Scotland under the Scotland Act 2016 and the Brexit vote all contribute to the climate of uncertainty.
- 5.3 While the exact impact of these issues cannot be forecast with certainty, there is a general consensus that prospects for economic growth have deteriorated, placing further pressure on public spending. Estimates of potential cuts to the 2017/18 local government settlement vary across Scotland, however they are broadly in the 3-5% range. The Park Authority will continue to be mindful of

the financial pressures member authorities face and will work with them to address these challenges.

- 5.4 The requisition income available to the Park authority has therefore been modelled on the assumption of no increase or decrease in requisition for 2017/18, with the remaining reserves balance being used to protect against any unforeseen costs or financial risks which may arise in the future.
- 5.5 The audited accounts for the year ended 31 March 2016 confirmed the level of working balances as £66,893. Audit Scotland had reported that the previous level of £19,767 was considered low, however during financial year 2015/16 £47,126 was returned to balances taking the level of reserves to a more reasonable level. It is currently projected that a net breakeven position will be achieved in financial year 2016/17 which will result in the current reserves balance of £66,893 being carried forward into 2017/18, which is 9.7% of the Park's turnover.
- 5.6 Implementation of the outcomes from the review of the Park's Management and Governance Structure will continue over the medium term and any savings identified will be considered in meeting the requirements for further efficiency savings when preparing future years budgets.
- 5.7 The Park Manager, in conjunction with the Treasurer, will present a report to a future meeting of the Joint Committee should its remit and finances be materially affected by any future member council policy decisions.



## Estimates of Expenditure and Income for the Year Ended 31st March 2018

## Clyde Muirshiel Park Authority

## Requisition Payable by Member Authorities

		2016/2017	2017/2018 £	Requisition Payment 2017/18	
		Agreed	Proposed	£ 1st April 2017	£ 1st July, 1st October & 31st December 17
RENFREWSHIRE	60.72%	420,700	420,700	105,100	105,200
INVERCLYDE	24.69%	171,000	171,000	42,600	42,800
NORTH AYRSHIRE	14.59%	101,100	101,100	25,200	25,300
		692,800	692,800		

  

Due Dates	
01-Apr-17	01-Jul-17 01-Oct-17 31-Dec-17



## Clyde Muirshiel Park Authority

## Revenue Estimates for 2017/18

	Approved 2016/17 £	Probable 2016/17	Recommended 2017/18 £
<b>Expenditure</b>			
Employee costs	729,500	734,800	736,600
Property Costs	55,200	51,400	50,200
Supplies & Services	147,700	137,400	143,200
Contractors	14,800	16,800	14,800
Transport	41,700	51,800	49,200
Administration Costs	70,900	87,400	84,400
Payments to Other Bodies	600	1,000	600
<b>Total Budgeted Expenditure</b>	<b>1,060,400</b>	<b>1,080,600</b>	<b>1,079,000</b>
<b>Income</b>			
Shop Retail Income	186,200	175,200	175,800
Sales, fees & charges	158,400	180,400	187,400
Other Income	23,000	32,200	23,000
Total Generated Income	367,600	387,800	386,200
Requisition Payable by Member Councils	692,800	692,800	692,800
<b>Total Budgeted Income</b>	<b>1,060,400</b>	<b>1,080,600</b>	<b>1,079,000</b>
<b>Budgeted (Surplus)/Deficit for Year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reserves</b>			
Reserves brought forward	66,893	66,893	66,893
Budgeted surplus/(deficit) for year	0	0	0
Reserves carried forward	<b>66,893</b>	<b>66,893</b>	<b>66,893</b>
		9.66%	9.66%

## Further analysis of Requisitions

<b>Requisitions per council</b>			
Renfrewshire	420,700	420,700	420,700
Inverclyde	171,000	171,000	171,000
North Ayrshire	101,100	101,100	101,100
	<b>692,800</b>	<b>692,800</b>	<b>692,800</b>
Movement in requisitions			0.0%
<b>Requisition Movement in Year</b>	<b>2016/17</b>	<b>Inflation</b>	<b>2017/18</b>
Renfrewshire	420,700	0	420,700
Inverclyde	171,000	0	171,000
North Ayrshire	101,100	0	101,100
	<b>692,800</b>	<b>0</b>	<b>692,800</b>