

## **CLYDE MUIRSHIEL PARK AUTHORITY**

**To:** Joint Committee

**On:** 14 February 2020

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**Report by:** The Treasurer

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**Heading:** Revenue Estimates 2020/21

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### **1. Summary**

- 1.1 The following report has been prepared by the Park Treasurer to present revised Revenue Estimates for 2020/21 and associated requisitions of the Clyde Muirshiel Park Authority (CMPA).
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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 2020/21 per Appendix 1, and agree the requisitions payable by each member council as per paragraph 4.3.
  - (b) approve the utilisation of reserve balances to meet the projected funding gap over the period to end June 2020 as outlined in paragraph 4.5.
  - (c) note that an updated financial outlook will be developed and provided to the Joint Committee in June 2020.
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### **3 Background**

- 3.1 The Annual Revenue Estimates for 2019/20 were agreed by the Joint Committee in June 2019 following the outcome of a service review and associated voluntary redundancy exercise.

- 3.2 The general financial environment in which the Park Authority and member authorities operate continues to be characterised by cost and income pressures, and the Park Authority has a demonstrable history of seeking operational savings and alternative income sources to ensure financial sustainability.
- 3.3 However, the level of requisition income available from all member councils has been reducing in recent years, most significantly in the case of North Ayrshire Council. Unfortunately North Ayrshire Council has intimated they will not be in a position to make any requisition payment in 2020/21.
- 3.4 Given this position, and the impact this loss of income will have on the already pressured financial position of the Park, budget estimates for a single year only have been outlined in this report, with the expectation that an updated financial outlook will be presented to the Joint Committee at its meeting in June 2020.

#### **4 Budget Assumptions**

- 4.1 The revised expenditure forecast has been constructed on the basis of the following assumptions:-
- A budget provision of 3% in relation to the 2020/21 pay award
  - Staff costs have been adjusted to reflect the interim management arrangements in place and the current staff in post
  - no inflation adjustment to all non-pay expenditure lines as per the practise adopted in previous years; and
  - adjustments to budget lines to reflect operational experience and historic trends
  - total expenditure is forecast to be £866,600 as outlined as Appendix 1.
- 4.2 The indicative 2020/21 requisitions outlined to the Joint Committee in June 2019 were as follows:

	£
Renfrewshire	311,000
Inverclyde	124,600
North Ayrshire	42,300
	<b>477,900</b>

The above requisitions were based on the agreed 2019/20 requisitions, adjusted in the case of Inverclyde and Renfrewshire to reflect the revised staff compliment agree by the Joint Committee; subsequently uplifted by 3% for all councils to match the agreed 20/21 pay award.

4.3 The level of requisition in 2020/21 is now anticipated as follows:

	£
Renfrewshire	311,000
Inverclyde	124,600
North Ayrshire	0
	<b>435,600</b>

Non-requisition income anticipated in 2020/21 is £348,600, which when added to the above level of requisition brings total forecast income to £784,200.

- 4.4 The above income and expenditure forecasts suggest £82,400 of savings would be required in 2020/21 in order for the Park to breakeven, being a core saving requirement of £40,100 and the loss of requisition income of £42,300.
- 4.5 The level of savings required (or additional income to be generated) within a single financial year is significant, therefore whilst the Park Coordinator will endeavour to manage this challenging financial position, it is anticipated the Park will require to utilise reserves to manage its financial position in the short term while the financial outlook for the Park is assessed. The reserve balance forecast at the end of the 2019/20 financial year is £115,000. It is proposed that in order to continue park operations in the coming months that the Joint Committee agreed to the utilisation of up to £30,000 of reserves for the period to end June 2020; at which point the Joint Committee will receive a further update with regards the financial outlook for the Park.
- 4.6 The Park Co-ordinator and Lead Officer 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.



## Clyde Muirshiel Park Authority

## Revised Revenue Estimates for 2020/21

	Approved 2019/20 £	Probable 2019/20	Recommended 2020/21 £
<b>Expenditure</b>			
Employee costs	624,900	593,850	587,200
One Off VR/VER Costs	20,000	73,250	-
Property Costs	39,900	39,900	36,900
Supplies & Services	142,400	139,400	132,900
Contractors	14,800	14,800	12,500
Transport	35,500	31,100	32,500
Administration Costs	64,400	63,900	62,800
Payments to Other Bodies	1,800	1,800	1,800
<b>Total Budgeted Expenditure</b>	<b>943,700</b>	<b>958,000</b>	<b>866,600</b>
<b>Income</b>			
Shop Retail Income	157,700	157,700	157,700
Recharged VR/VER Costs	-	48,800	-
Sales, fees & charges	187,400	180,000	180,000
Other Income	32,100	42,500	10,900
Total Generated Income	377,200	429,000	348,600
<b>Requisition Payable by Member Councils</b>			
Renfrewshire	359,700	359,700	311,000
Inverclyde	145,700	145,700	124,600
North Ayrshire	41,100	41,100	-
<b>Total Budgeted Income</b>	<b>923,700</b>	<b>975,500</b>	<b>784,200</b>
<b>Budgeted (Surplus)/Deficit for Year</b>	<b>20,000</b>	<b>-17,500</b>	<b>82,400</b>