

CLYDE MUIRSHIEL PARK AUTHORITY

To: Joint Committee

On: 21 June 2019

Report by: The Treasurer

Heading: Revised Revenue Estimates 2019/20 to 2021/22

1. Summary

- 1.1 The following report has been prepared by the Park Treasurer to present revised Revenue Estimates for 2019/20 and associated requisitions of the Clyde Muirshiel Park Authority (CMPA).
-

2 Recommendations

- 2.1 It is recommended that members:

- (a) approve the revised Revenue Estimates of the Joint Committee for the financial year 2019/20 per Appendix 2, and agree the revised requisitions payable by each member council per Appendix 1
 - (b) approve the one-off contributions payable by each member council in relation to the voluntary early release of Park staff as detailed in paragraph 5.3
 - (c) note the indicative estimates of costs for 2020/21 and 2021/22
-

3 Background

- 3.1 The Annual Revenue Estimates for 2019/20 were agreed by the Joint Committee in February 2019. It was further agreed that owing to an ongoing service review and an associated voluntary redundancy exercise, that revised revenue estimates would be presented to the Joint Committee in June 2019 once the above processes were concluded.

- 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 will continue to seek operational savings and alternative income sources to ensure financial sustainability.

4 Budget Assumptions

- 4.1 The revised budget has been constructed on the basis of the following assumptions:-

- A budget provision of 3% in relation to the 2019/20 pay award has been included in the budget forecast, with a further 3% also assumed in the indicative 2020/21 and 2021/22 forecasts.
- Staff costs have been adjusted to reflect the interim management arrangements in place and the early release of those staff who have indicated they wish to accept the VR/VER offer.
- 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;
- the one-off costs associated with the voluntary early release of staff are also detailed. These costs will require to be met through both the use of reserves and directly by each member authority.

- 4.2 Revised requisitions are proposed as per the financial principles agreed by the Joint Committee in February 2019 ie:

- The one-off costs of the early release of staff will be funded from reserves in the first instance; with a minimum level of reserves equivalent to 8% of turnover (broadly £75,000) being held in order to mitigate against future financial risks. Early release costs over and above this level to be funded by each authority in proportion to their requisition level in 2017/18
- Reduced costs from the early release of staff will be utilised to address the recurring deficit currently being operated
- Any opportunity for further reductions in requisition flowing from the VR exercise to be allocated between Inverclyde Council (30%) and Renfrewshire Council (70%) (those proportions being based on 2019/20 requisition). No further requisition reduction to be allocated to North Ayrshire Council on the basis that a 60% reduction in requisition was agreed in 2018/19, with Inverclyde and Renfrewshire Council's reduction being 9.5% respectively.

- 4.3 The Interim 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.

5 Financial Overview

- 5.1 The requisition income available to the Park Authority has reduced in recent years, acknowledging the financial pressures that councils have been facing and also an increasingly commercial approach to the operations of the Park.
- 5.2 The budget agreed by the Joint Committee in February 2019 included a service redesign saving which was required in year to balance forecast income and expenditure. The Park Coordinator has now concluded the associated voluntary release exercise which underpins the service review, and expenditure forecasts have now been revised taking account of the release dates of the staff concerned. It is anticipated that recurring savings of £140,000 will be achieved through the release of 6 members of staff, of which approximately £80,000 will be realised in 2019/20 owing to the release dates possible for the staff concerned.
- 5.3 The unaudited accounts for the year ended 31 March 2019 outline the level of working balances as £97,845. This balance will carry forward into 2019/20 and represents 9.9% of the Park's turnover. As detailed above, the minimum level of reserves recommended by the Treasurer to mitigate financial risks is 8% of turnover, or an absolute figure of £75,000. It is proposed therefore that £20,000 of reserves is used to fund one-off release costs, with the balance of £48,761 being funded by each member council as per the financial principles previously agreed:

Renfrewshire Council	£29,257
Inverclyde Council	£12,190
North Ayrshire Council	£7,314

6 2019/20 Member Authority Requisitions

- 6.1 The revised Member Authority requisitions for 2019/20 and the date of drawdown for the requisitions are summarised in Appendix 1. The indicative level of requisition for 2020/21 and 2021/22 have been increased in line with the assumed level of pay award.

Estimates of Expenditure and Income for the Year Ended 31st March 2020

Clyde Muirshiel Park Authority

Requisition Payable by Member Authorities

		2019/2020 £	2019/2020 £
		Agreed	Proposed
RENFREWSHIRE	66%	380,700	359,700
INVERCLYDE	27%	154,700	145,700
NORTH AYRSHIRE	8%	41,100	41,100
		576,500	546,500

Requisition Payment 2019/20	
£	£
1st April 2019	1st July, 1st October & 31st December 19
95,100	88,200
38,600	35,700
10,200	10,300

Due Dates	
01-Apr-19	01-Jul-19 01-Oct-19 31-Dec-19

Clyde Muirshiel Park Authority

Revised Revenue Estimates for 2019/20 to 2021/22

	Approved 2019/20	Recommended 2019/20	Indicative 2020/21	Indicative 2021/22
	£	£	£	£
Expenditure				
Employee costs	709,600	624,900	586,100	607,200
One Off VR/VER Costs	0	20,000	0	0
Property Costs	39,900	39,900	39,900	39,900
Supplies & Services	132,400	142,400	135,400	135,400
Contractors	14,800	14,800	14,800	14,800
Transport	35,500	35,500	35,500	35,500
Administration Costs	64,400	64,400	64,400	64,400
Payments to Other Bodies	1,800	1,800	1,800	1,800
Required Saving	-65,900	0	-44,000	-50,800
Total Budgeted Expenditure	932,500	943,700	833,900	848,200
Income				
Shop Retail Income	157,700	157,700	157,700	157,700
Sales, fees & charges	187,400	187,400	187,400	187,400
Other Income	10,900	32,100	10,900	10,900
Total Generated Income	356,000	377,200	356,000	356,000
Requisition Payable by Member Councils	576,500	546,500	477,900	492,200
Total Budgeted Income	932,500	923,700	833,900	848,200
Budgeted (Surplus)/Deficit for Year	0	20,000	0	0
Reserves				
Reserves brought forward	97,845	97,845	77,845	77,845
One Off VR/VER Costs	0	-20,000	0	0
Budgeted surplus/(deficit) for year	0	0	0	0
Reserves carried forward	97,845	77,845	77,845	77,845