

SUBJECT:	FARNHAM PARK CHARITY BUDGET 2020/21
RESPONSIBLE OFFICER	Director of Resources – Jim Burness
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WARD/S AFFECTED	N/a

1. Purpose of Report

- 1.1 To consider the draft budgets for the Charitable Trusts activities for 2020/21, including the proposed fees & charges.

RECOMMENDATIONS

Cabinet is asked to agree:

1. The overall operating budget, £167,455, shown in para 3.7.
2. The fees and charges in Appendix A.

2. Background

- 2.1 The operations of the Charity divide into two areas, 1) the Golf course and the ancillary catering activities, and 2) the Playing Fields. The budget information is organised to show the operational costs and income of these two elements. The golf and playing fields are supported by a single service team that operates across both elements, and the course and playing fields are maintained by a single grounds maintenance team.

3. Operating Budget 2020/21

- 3.1 The following table summarises the overall budget changes for golf operation from the 2019/20 budget. Negative figures equate to savings or surpluses.
- 3.2 The main points to note are:
- Salaries have been inflated by 2% and increments applied where due. The cost increases have been partly offset by removing the Deputy Course Manager post and replacing with a greenkeeper post, the overall increase in staffing costs is £8,680.
 - The increase in non staff expenditure, £23,910 overall, is related to the cost of leasing a further three mowers/aerators, and the majority of the plant and equipment is now leased. There has been reduction in the maintenance budgets associated with plant and equipment as a result.
 - The budget for golf income overall shows a 2.6% increase, reflecting a number of pricing changes and other measures which are explained in more detail later in the report. The estimates are based on the number of rounds forecast for the current year, and therefore reflects the downward trend in recent years of reducing numbers of rounds played largely attributable to weather conditions (i.e. wet winters and periods of high temperatures in the summer). Since 2015 the number of rounds has reduced by approximately 14%.

Number of Rounds 2015 - 2019

	2015/16	2016/17	2017/18	2018/19	2019/20
Apr	3,826	3,184	3,411	2,731	2,034
May	3,761	3,756	3,540	3,448	2,305
June	4,211	3,268	3,685	3,645	2,161
July	3,915	3,867	3,778	3,543	3,788
August	4,006	4,520	4,001	3,757	3,835
September	3,152	3,300	3,420	3,482	3,050
October	2,931	2,628	2,824	2,820	2,176
November	2,027	2,037	2,245	2,158	1,628
December	1,919	1,877	1,244	1,415	970
January	1,291	1,650	1,597	1,801	
February	1,903	1,813	1,658	1,787	
March	2,068	2,244	1,543	2,145	
	35,010	34,144	32,946	32,732	21,947

3.3 Overall the golf operation is estimated to make an operating surplus of £86,000.

	Golf					
	Golf Mgt	Golf course	Golf Shop	Catering	Course Maint	Total
Budget 2019/20	140,044	-452,280	-10,000	-12,910	238,623	-96,523
Staff cost changes	+24,480	-	-	+400	-16,200	+8,680
Expenditure changes	-1,600	+1,580	-740	-5,030	+29,700	+23,910
Changes in Golf Mgt / GM recharges	-12,163	-	-	-	-3,750	-15,913
Income changes	+1,446	-14,800	+2,000	+5,200	0	-6,154
Budget 2020/21	152,207	-465,500	-8,740	-12,340	248,373	-86,000

3.4 The proposed fees for 2020/21 that have been assumed within the budgets are appended to the report, and these will need to be agreed by the Panel for formal adoption by the Cabinet.

3.5 The Playing Fields operational budget is summarised below. The income increase is largely attributable to increased casual pitch hire by junior soccer clubs and softball hire.

Farnham Park Playing Fields	
Budget 2019/20	111,933
Expenditure changes	+25
Change in share of Golf Mgt / Grounds Maint	+13,467
Income changes	-5,000
Budget 2020/21	120,425

3.6 The preceding tables show the Charity's operational budget position. The overall financial position has to include the following non-operational costs:

- Interest on the financing of the Clubhouse redevelopment

- Asset charges / depreciation
- Support service recharges from the Council.

3.7 The overall position, including the non-operational costs is as follows.

	Golf	Playing Fields	2020/21 Total	2019/20 Total
Net Operating Budget	-86,000	+120,425	+34,425	+15,410
Interest	34,600	-	34,600	36,670
Asset charge	63,831	6,400	70,231	74,190
Support Service Costs	18,400	9,800	28,200	27,600
2020/21 Budget	30,831	136,625	167,455	153,870
2019/20 Budget	21,978	131,893	153,870	
Change	+8,853	+4,732	+13,585	

3.8 The table illustrates that the non-operational costs of £133,031 change the operating deficit of £34,425 into an accounting deficit of £167,455. The main deficit arises as a result of the costs of operating the Playing Fields.

Green Fee Pricing Structure

- 3.9 Prices for 2019/20 show a £2.00 discount for members of either golf club (South Bucks GC or Farnham Park GC) based at the course. It is proposed to increase this discount to £3.00 from 1 April 2020, by increasing the price of a visitors green fee by £1.00.
- 3.10 It is also proposed to introduce a 'Golf Card' at a cost of £30.00 per year (or £15.00 to members of either golf club), and ONLY holders of the golf card will receive the member discount. Additional benefits such as bar discount and 14 day advanced booking will also be made available.
- 3.11 The new Golf Card will generate an estimated additional income of over £8,000 per year. However, most importantly it will give an opportunity for golfers, who may be members elsewhere, to play the course on a regular basis, at a discounted price, and hopefully this will entice some to move to The South Buckinghamshire.
- 3.12 This will also enable the management to generate a detailed database of regular golfers, so as to be able to send out a monthly e-newsletter, with special offers for golf and the bar. In addition it is hoped that a 'reciprocal arrangement' with at least two other local golf courses, managed by Everyone Active can be arranged for April 2020.
- 3.13 It is proposed that all Season Ticket prices will increase by £30 per year, which represents an increase of between 2.9% and 4.1%.

4. Risks and Issues

4.1 The main risks facing the operation are as follows:

- Weather has a major effect on golf income, and secondary spend in the bar, and the table of number of rounds shows the downward trend in recent years, which has largely been as a result of weather related factors.

- The state of the buildings on the playing fields site mean there are risks of unbudgeted landlord maintenance costs, or they become unviable to use. The site is also vulnerable to vandalism and unauthorised incursions.
 - Income risks from tenants of playing field leases and pitch hire, although this has reduced in the last year with the move to more junior soccer hires.
- 4.2 The financial information makes very clear that the cost of the Playing Fields is the major challenge facing the Charity. This is added to by the fact that all the buildings on the site, with the exception of the greenkeepers compound, are approaching or at the end of the useful lives, and need replacing in the near future.
- 4.3 It is highly unlikely that the Playing Fields would ever be a facility that could be operated at nil cost. Even if the facility was reduced to just a softball venue and the remained as public open space with minimal maintenance, there would be a material annual cost to the Charity/Council in the order of £70k+.
- 4.4 This is the key issue for the New Council who will become the corporate Trustee, as it is not a viable option to believe that the golf course can generate sufficient surplus after interest and depreciation, to cover the costs of the playing fields even if they were just used as public open space, and thereby avoiding any cost to the council tax.
- 4.5 The New Council is due to undertake in its first year a Leisure Review, covering both indoor and outdoor leisure. This may be the opportunity to consider in a wider context the develop the potential of Farnham Park as an outdoor leisure, community and public health facility, and undertake the investment required to opportunities of the site.

Background Papers:	None
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