

SUBJECT:	Farnham Park Charitable Trust Budgets 2016/17
REPORT OF:	Councillor Trevor Egleton – Healthy Communities Portfolio Holder
RESPONSIBLE OFFICER	Jim Burness – Director of Resources
REPORT AUTHOR	Jacqueline Ing – Principal Accountant 01494 732292, jing@chiltern.gov.uk
WARD/S AFFECTED	All

1. Purpose of Report

- 1.1. To provide Members with information on the draft revenue budget for 2016/17, including the context of the overall financial position of the Charity.
- 1.2. This report provides summary information on the budgets and highlights issues for consideration. The accompanying booklet presents the detailed information to assist Members in their decision making.

RECOMMENDATION

Members are requested to note the following:

- the 2016/17 revenue budget
- the 2016/17 capital budget
- the proposed fees & charges for 2016/17 .

2. Context to the 2016/17 Budget

- 2.1. The budgets have been prepared in accordance with the following inflation assumptions:
 - Salaries inflation from April 2016 of 1%
 - Contracts inflation 2% (unless different rate specified within contract)
 - Business rates 2%
 - Gas, Electricity and Water 4%
 - Insurance 3.5% - as Insurance Premium Tax has gone up from 6% to 9.5%.
 - Other expenditure heads 2%
 - Income 0%.

2.2. The draft budgets are shown in the table below.

	2015/16 Budget £	2016/17 Budget £
Farnham Park Sports Field	1,500	56,410
The South Buckinghamshire Golf Course	-285,470	-318,868
Catering	-25,000	-33,254
Golf Management Service	149,560	165,933
Grounds Maintenance	254,880	216,947
Depreciation on Endowment Assets	9,500	9,700
	104,970	96,868

2.3. The main points to note from the table are;

- Farnham Park Sports Field - The increase in costs relates to changes following a review of how the Golf Management Service costs should be apportioned across the activity centres of the Charity and the Academy. The result is a more realistic reflection of the costs of the Playing Fields.
- Catering – Relates to the bar and catering facilities at the Clubhouse which are operated in-house.
- Depreciation - on Endowment assets relates to the buildings on the Sports Field that were transferred as part of the original trust of land.

2.4. Further budget details are shown in Appendix A (Part II). Appendix A also show a forecast of income and expenditure to 2020/21. It is relevant to note that the playing fields and golf course make an operating surplus. The annual deficit each year arises when the interest on the Council loan to the Charity is included, and the depreciation costs that the accounting rules for charities require to be included.

2.5. The forecast for the years beyond 2016/17 reflects the current cost levels plus assumed increase in usage of levels for the South Buckinghamshire by 3% per annum and similar increases for catering income.

2.6. The forecast therefore does not make any assumptions about any major new developments that may be considered in the medium/long term in respect of the golf facilities or playing fields which are currently part of the work the South Buckinghamshire Panel is doing looking at the long term future of the Charity.

2.7. The decrease from the current year's approved net budget to the 2016/17 draft net budget is £8k (7.7%). Within this the operating surplus before interest and depreciation is forecast to increase from £56k to £62k (11%). The main budget changes are detailed below:

	£'000	Comment
2015/16 Budget	105	
Change in salaries		
- Cost of living increase & increments	5	
- Other salary changes	7	Staff have joined pension scheme
Inflation		
- On expenditure	4	
Unavoidable		
- Increased NNDR and insurance for Clubhouse	18	Following reassessment by the Valuation Office
- Catering temporary staff	6	Change in the light of experience of running the catering operation in house for a year
- Increased cost of sales	5	Purchase of golf supplies sold in golf shop
- Cost of CCTV and Alarms	5	
- Reduction in recharge to the Academy	30	Following review of basis of Golf Management apportionment.
- Loan interest/depreciation	-2	
Savings		
- Additional golf income	-57	
- Additional Catering Income	-13	Change in the light of experience of running the catering operation in house for a year
- Additional Sport Field pitch and rental income	-20	Revision to a number of the leases/licenses
- Bank Charges	-2	
- Staff Advertising	-1	
Other		
- Overtime & Training	2	Grounds Maintenance
- Landscaping	2	Golf course
- Management Fees	2	Catering
- Golf Professional fees	1	Golf management
2016/17 Draft Budget	97	

3. Risk Assessments

3.1. When considering the proposed budgets for the coming financial year it is important to be aware of the risks within the budgets. The main risk areas are:

- Golf course and catering income can be affected by weather and economic conditions. The budgets are based on current volumes and take into account seasonal variations.
- The playing field income is dependent on the financial viability of the clubs/organisations leasing/renting facilities.

4. Capital Budgets

- 4.1. The following table summarise the current capital programme for the Farnham Park Charitable Trust.

Scheme	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Grounds Maintenance Machinery	35	35	35	35
Total	35	35	35	35

- 5.2 This is a provisional allocation of funding and will be reviewed over the coming months in the light of the development of an equipment/machinery replacement programme for the next three to four years.
- 5.3 Any material investment in the grounds or buildings covered by the Charity will be part of the developing medium term strategy.

5. Effect of Budgets on Charitable Reserves

- 5.1. The following table then summarises the effect of the above budgets on the Farnham Park Charity reserves.

	Unrestricted Revenue Funds £'000	Restricted Revenue Funds £'000	Unusable Endowment Fund £'000	Total £'000
Balance as at 31 March 2015	-132	150	1,452	1,592
<u>2015/16</u>				
Estimated Loss in year	-58	-37	-10	-105
Estimated Balance as at 31 March 2016	-190	113	1,442	1,365
<u>2016/17</u>				
Budgeted Loss in year	-49	-38	-10	-97
Estimated Balance as at 31 March 2017	-239	75	1,432	1,268

- 5.2. Overall the Charity's unrestricted revenue funds area expected to reduce by £49,000 in 2016/17.

6. Fees and Charges

- 6.1. The Part II report contains the list of proposed fees and charges. All of the proposed fee increases have been built into the draft revenue budgets.

7. Links to Policy Objectives

7.1. One of the primary purposes of the budget process is to ensure that, as far as possible, resources are aligned to the corporate priorities and that any material risks are assessed.

8. Next Step

8.1. The Cabinet will consider the outcome of the PAG discussions at its February meeting when it will formulate a final draft of the 2016/17 budget.

Background Papers:	None
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