



**Barham Park Trust Committee  
12 April 2017**

**Report from the Chief Finance  
Officer**

Ward Affected: Sudbury

**State of Finances**

**1.0 Summary**

- 1.1 The purpose of this report is to update members on the state of finances of Barham Park Trust and to clarify the split between the Council's responsibility and the Trust's. The report explains the level of subsidy given to the Barham Park, as spend on Barham Park is significantly greater than the income generated.

**2.0 Recommendations**

- 2.1 To note the spend income in 2016/17 and the anticipated financial position in future years
- 2.2 To note the spend on Barham Park funded by non-Trust resources.
- 2.3 To note the split between Barham Park and the Council and the standardisation of recharges.
- 2.4 To recommend that officers produce a report reviewing the cost of officer time spend on Barham Park matters.

**3.0 Detail**

- 3.1 Barham Park has significant unrestricted reserves of £457,085, as at the end of March 31<sup>st</sup> 2016. These reserves were generated from the sale of two properties within the Park and this is held as a liability on the Council's Balance Sheet.
- 3.2 Every year, an interest charge is calculated on the average cash balance and credited to the account. In 2015/16, the interest rate was 2%, an amount that is higher than the Council's current interest rate.

- 3.3 Each year, the spend and income attached to Barham Park is recorded in the Annual Accounts. Last year, the Trust recorded £87,838 of income (including interest) and recorded £75,462 of expenditure, leading to a net £12,377 surplus, which increased the Reserves accordingly.
- 3.4 Barham Trust generates income from a variety of sources, including funfairs from using the Park, Virgin media, ACAVA and renting out various rooms. In future years, this income might exceed £100k/annum.
- 3.5 Expenditure on Barham Park Trust includes day-to-day Park maintenance of £50k (VEOLIA's calculation) and varying building maintenance that might easily range from £0 to £30k. It further includes utilities and insurance costs that historically have been approximately £6k but would likely increase due to greater opening hours. So far, the cost of Planting and tree maintenance has not been easy to estimate as it changes year to year and it is difficult to split it out from the contract.
- 3.6 Expenditure on Barham Park Trust does not include other one-off costs that have been traditionally funded by revenue such as can be seen in Table 2. A further detailed report will be produced to examine officer time and how it is utilised in dealing with Barham Park issues.

Table 1: Expenditure funded by Barham Park Income (in 2016/17 prices)

<b>Income</b>	<b>2016/17</b>	<b>Estimated Future Years</b>
Funfair (est.)	(20,000)	(20,000)
Virgin	(6,500)	(6,500)
ACAVA	(43,000)	(43,000)
Interest	(9,000)	(9,000)
Ad hoc Lettings	?	0
Children's Centre	(11,300)	(11,300)
The Lounge (full year effect)		(7,000)
The Card Room (est.)		(1,500)
Snooker & Billiard's Room (est.)		(2,000)
Mess Room (est.)		(1,000)
<b>Total Income</b>	<b>(89,800)</b>	<b>(101,300)</b>
<b>Expenditure</b>		
Condition and M & E Survey	2,247	
Utilities & Insurance	6,000	
Alarm	13,250	
Parks Basic Maintenance	50,231	50,231
Planting and other Maintenance Costs (Est. till new Year)		50,000
Tarmac Repairs at top entrance, Path repairs & Interim Damage to event field, Maintenance Works	20,000	
<b>Total Expenditure</b>	<b>91,728</b>	<b>100,231</b>
<b>Net Position</b>	<b>1,928</b>	<b>(1,069)</b>

- 3.7 As can be seen below, the Council has extensively used its revenue budget and used Section 106 that might have been used for other projects.

Table 2: Works Funded from Trust Reserves or Other Resources

<b>2015/16</b>	<b>(£)</b>	<b>Source of Funding</b>
Phase 1 works (new perimeter path, tree removals, etc.)	151,638	Trust
Outdoor Gym	48,000	Non-Trust
Tarmac by old library entrance	26,812	Trust
Outdoor Gym Fencing	4,000	Non-Trust
Security Measures	12,000	Non-Trust
Fence Repairs	1,000	Non-Trust
Path to Outdoor Gym	9,000	Non-Trust
Car Park Wall Repair	14,000	Non-Trust
Path Repairs	21,000	Non-Trust
<b>Total</b>	<b>287,450</b>	

<b>2016/17</b>	<b>(£)</b>	<b>Source of Funding</b>
Play Area	110,000	Non-Trust
<b>Total</b>	<b>110,000</b>	

- 3.8 While Table 1 details some of the significant annual costs borne by Barham Park Trust, as detailed in 3.9 through 3.15, this is not the total cost to running the Park. Just as it would be important that the Trust is not subsidizing the Council, it is important that the Trust pays a fair share of costs that the Council incurs to ensure that the Barham Park is kept to an appropriate standard. Where it is possible to standardize these costs through an SLA, they will be but this may not always be advisable.
- 3.9 In the future, all Park maintenance costs will be fixed at current levels of £50,231, with the amount of inflated on a yearly basis. This is because they are part of the larger VEOLIA contract. To ensure that the amount is fair and reasonable, an outside source, VEOLIA's costing for the Park, was used. The Council intends to show the cost of plantings in the Trust accounts, if the cost can be reasonably split out from the contract.
- 3.10 Until the full detail of the condition and M&E survey is digested, it is proposed that maintenance costs are based on invoices. It might be that larger capital works need to be funded or that a standardised maintenance charge would be excessive. A separate investment paper explores this in greater detail and it is important to take a considered position over this matter, so no immediate recommendations are made.
- 3.11 All income and interest will be based on actuals and 2% of average Reserve balances. This is higher than the Council obtains but the Council wants to ensure that the Trust is treated fairly.

### Officer Time

- 3.12 Officer time in the future will be recorded as a memorandum item in the Accounts, so that there is clarity around the cost of managing the Park, even if the Council chooses to subsidise the Trust. For the purposes of clarity, a more detailed analysis is proposed by officers, so that the Trustees can understand how that time is being spent and determine if that is value for money or appropriate
- 3.13 It is also worth noting that the Council has paid out millions on tree related insurance claims over the years and a proportion of that inevitably relates to Barham Park. However, splitting out such amounts would generate a lot of additional officer time and it is recommended just to note that the Council plans to keep on subsidising this item.
- 3.14 Nevertheless, if a large-scale project took place within the Park, requiring direct day-to-day project support, the directly attributable costs of such an officer should be charged to the Trust.
- 3.15 The Trust is responsible for contributing to standard day-to-day costs, such as maintenance and planting. However, the Council can choose to subsidise one-off costs and supporting officer time, if it so decides. Larger works might utilise the entire Reserves quickly, so the Trust might need to apply for additional sources of external funding, potentially including a Heritage Lottery Fund bid and/or other Grants and contributions.

### Process Improvement

- 3.16 The Council is implementing a new process of identifying Barham Park Funfair Income. In future, all invoices must be recorded directly to the relevant cost centre, rather than held in Parks and being recharged. Furthermore, officers will ask Funfairs that this corresponds directly to the financial year to aid clarity.
- 3.17 In respect of Barham Park alone, as this a separate organisation, when funfair income is raised, Finance must be contacted directly each and every time to ensure that it is correctly recorded.

## **4.0 Financial Implications**

- 4.1 There are no direct financial implications beyond the clarity between the responsibility of the Council and the Trust.
- 4.2 It is however important to recognise that the Council has traditionally chosen to subsidise Trust activities for the benefit of the wider community. However, the Council needs to be compensated for works done in Barham Park, even if it decides not to recharge overheads or senior officer time spent supporting the Committee.

## **5.0 Legal Implications**

- 5.1 It is the responsibility of the Trust in accordance with its own internal regulations to update members at least once per year. More specifically, in accordance with its terms of reference, the Committee has to carry out an annual review of its finances.
- 5.2 It is a legal requirement to submit an Annual Report (with Accounts) to the Charity Commission.

## **6.0 Diversity Implications**

- 6.1 There are no direct equalities implications arising from this report, other than the ones already mentioned above and in previous reports.

## **7.0 Staffing/Accommodation Implications**

- 7.1 None

## **8.0 Background Papers**

- 8.1 Annual Report 2015/16

### **Contact Officers**

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