

## QUESTIONS TO ALICE PARK TRUST SUB-COMMITTEE – 22 JANUARY 2020

### FROM MR DEREK SWIFT

1. The accounts are showing £13,600 of the rental income as restricted funds. I do not understand this. Why is this amount shown as restricted? This implies that the tenant has applied a restriction? How is this possible on a lease? If it is restricted what in the restriction? I.e. what part of the charities work can the £13,600 not be used for?

*A: This has been included as restricted to ensure the income is restricted to the maintenance/running costs of the Park*

2. The accounts are showing £145 of investment income as restricted? Why is this? What is the restriction?

*A: This has been included as restricted to ensure the income is restricted to the maintenance / running costs of the Park*

3. The line Income -deficit subsidised by B&NES. This is showing at £22,592. In past accounts the wording has been different, and I would ask what “subsidised” really means. Does this mean gift, or does it mean loan, or does it mean something else? This is critically important to understand the accounts. In the past the wording has been gift which is clear. However, if this is a subsidy which could be reclaimed by B&NES should the charity make a profit or have a windfall in the future then this would appear to have the characteristic of a loan?

*A: A subsidised deficit is a more accurate description as the Alice Park generated income does not cover its running costs, as a result the Council Parks revenue budget is subsidising the deficit and running costs of the Park. The Council is not currently accruing this subsidy in its accounts as an outstanding debt.*

4. The costs relating to Grounds Maintenance, Play equipment Maintenance and Tree management all have SLA after them. I assume this means Service Level Agreement. Scrutinising the minutes back to 2016 there would appear to be no item documenting these SLAs. Surely a service level agreement would need sign off by the committee. When was this done?

*A: The service level agreements were agreed by the Trust in principle, detailing the basic maintenance functions that the Council would undertake for a fee (which is a Council subsidy currently). If the Trust now requires further detailed SLAs, then these can be developed under agreement. When the Trust are in full control of their budget they can chose to commission work in a different way if they wish.*

5. Following on from the last meeting where the sign off on the leases for the skate park and the tennis courts was agreed. Have the sub-committee considered that they are signing two 25-year leases at peppercorn rent to B&NES when the Trust is currently wholly dependent on the annual gift/loan/subsidy from B&NES. In my view to sign 25 year leases the Trust must have a real expectation of being a going concern for that period. What undertakings have been sought by the Trust from B&NES that they will continue to support the trust for the lifetime of those leases?

*A: No undertakings have been sought and are considered unnecessary on the basis that the Council cannot provide an undertaking to itself. The Council has subsidised the deficit to date and there is no reason to consider that this will not continue.*

6. The 2019/20 Budget discloses the tea Chalet Income. This is a public document and as the Tea Chalet lease is up for renewal this could seriously prejudice the existing tenant's position. I ask that this be removed immediately.

*A: This has been removed.*

7. The minutes of the meeting of 4 September 2019 refer in section 11 to the £25,000 which the Sub-Committee had agreed to allocate to other projects and there was a discussion about whether the trust could return some of that money to the Council for skate park funding.

This £25,000 does not appear in the accounts to 31 March 2019 or in the budget for 2019/20. This must mean that either the accounts or the budget has been materially misstated by this £25,000. It is not clear to me when this £25,000 became the property of the Trust. However, the minutes of the meeting of February 2019 use the past tense when talking about the allocation. Therefore, I would expect to see the £25,000 in the March 2019 accounts in restricted income and also in the balance sheet as it is specifically earmarked for future Park Improvements rather than running costs of the Park?

If sub-committee members are being presented with information that is materially incorrect how can they possibly make proper financial decisions? £25,000 is a huge omission from the numbers.

*A: The £25,000 was given with the condition that this will be spent on the Skate Park, as a result this has been treated as a third-party receipt to fund the Skate Park Capital scheme that is in the Council's Capital programme. Other improvements to the park are being funded from the available income as reported in the 2019/20 budget monitoring update with some of the expenditure being subsidised by the Council's Parks budgets.*