

Bath & North East Somerset Council

MEETING/DECISION MAKER:	Alice Park Trust Sub-Committee Meeting
MEETING/DECISION DATE:	25th January 2024
TITLE:	Alice Park Trust – Future Financial Independence
WARD:	Lambridge
AN OPEN PUBLIC ITEM	
List of attachments to this report: N/A	

1 THE ISSUE

- 1.1 The purpose of this report is to provide the Alice Park Trust Sub-Committee with a proposal to change the current funding arrangement to ensure future financial independence.
- 1.2 The report includes details on how the proposal could enhance the decision-making capacity of the Sub-Committee and allow for longer term financial planning.

2 RECOMMENDATIONS

- 2.1 The Alice Park Trust Sub-Committee is asked to note and consider the report, including recommendation to seek grant funding from Bath and North East Somerset Council as laid out paragraphs 3.1 to 3.9.
- 2.2 The Sub-Committee is also asked to consider the recommendation relating to chargeable officer time detailed in paragraphs 4.1 to 4.5.

3 ADDRESSING THE OPERATING DEFICIT

- 3.1 In previous years, the Trust has run at an operating deficit, with expenditure to maintain the park exceeding the income generated by the Sub-Committee on behalf of the Trust. Consequently, in its role as Sole Trustee, Bath and North Somerset (B&NES) Council have funded the Trust's deficit through its Parks' revenue budgets.
- 3.2 For context, recent years' operating deficits were as follows:
 - 2019/20 £29,192 (*due to one-off improvement costs*)
 - 2020/21 £21,402
 - 2021/22 £22,291
 - 2022/23 £19,985

- 3.3 The estimated deficit for the Trust in 2023/24 was budgeted at £22,000 at the start of the financial year. This estimate was based on the previous year's financial position, allowing for an increase in maintenance costs.
- 3.4 It has long been recognised that Trust does not generate enough income to cover the expenditure required to maintain the park to an adequate standard. However, the Sub-Committee continue to explore ways to become financially independent over the longer term.
- 3.5 The result of having an estimated operating deficit with B&NES continuing to fund this is that the Sub-Committee is unable to make clear decisions on how to spend its budget as there is no clear budget envelope to work within.
- 3.6 An alternative approach would be for the Sub-Committee to write to B&NES to agree a fixed annual grant. This grant would essentially replace the subsidy, but crucially would be an agreed value at the beginning of the year, rather than result in an unknown subsidy at year-end. This would provide more certainty for both parties.
- 3.7 Furthermore, should the Trust wish to make a larger investment in any one year, it would have the ability to retain any underspend in reserves, to drawdown in future years, further enhancing longer term financial planning and decision making.
- 3.8 Should B&NES be agreeable to a grant, it is entirely possible that they would seek to lower the grant value over time. The long-term ambition of the Trust has always been to become more financially sustainable, and should it be the case the grant value reduces over time, it again provides a medium to long term framework for the Trust to plan ahead.
- 3.9 Should the recommendation be accepted, and a grant offer is agreed with B&NES, any subsequent operating deficit would need to be funded from any available reserves. Should no reserves exist, or reserve balances be insufficient to meet the deficit, the Trust would need to formally request further financial support from the Council to the Council's S151 Officer.
- 3.10 Furthermore, should the Trust wish to increase the grant in future years it would again be expected request this formally from B&NES in a timeframe consistent with the Council's budget setting process so it can be considered as part of its formal budget proposals.

4 BATH AND NORTH EAST SOMERSET OFFICER TIME

- 4.1 To date B&NES Council officer time has been provided to the Trust through Service Level Agreements (SLAs), and in some cases officer time has been provided to the Trust free of charge.
- 4.2 Existing SLAs are being reviewed and will be presented to the Sub-Committee in separate reports.
- 4.3 It is important for the Alice Park Trust accounts to show a true and fair reflection of its expenditure and income. With regards to officer time that has to date been provided free of charge, should officer time increase materially beyond the historic baseline level then it would be appropriate that the Trust incurs a

charge for this time so that the accounts show any material increase in officer time and effort contributing to Trust activities when compared to prior years.

4.4 The baseline for staff time provided annually to the Trust has been broadly as follows:

- Lead Officer support – to be the Senior Responsible Officer for liaison with the Alice Park Sub Committee on behalf of the Council.
- Democratic Services Support – to administer meetings of the Alice Park Sub-Committee.
- Legal support – to ensure the Alice Park Trust sub-committee acts in compliance with the LGA 72 and charitable guidance.
- Finance support – to provide periodic updates on financial performance, provide a mechanism for the Trust to receive income, coordinate the independent examination of the Trust’s annual accounts, and subsequently submit the accounts to the Charity Commission.
- Parks support – to advise on and cost any additional requests for specific park expenditure.

4.5 It is recommended that the Trust pay for any additional B&NES Council officer time over and above the baseline outlined above. A schedule of hourly charges can be provided to a subsequent Sub-Committee meeting to support decision-making.

5 OTHER OPTIONS CONSIDERED

5.1 Leave the situation as is – this option is not supported as it prevents the Alice Park Trust from making longer term funding decisions by having a lack of clear budget availability.

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Background papers	None
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