

In October 2015 the income and expenditure figures for Lydiard House and Park **for the latest complete financial year** were shared with local ward councillors and other key interested parties to **explain** how the cost to Swindon Borough Council of Lydiard House and Park is calculated.

Questions have been asked about the figures circulated in October (included below in table 1), to understand how this level of subsidy compares to that of previous years.

### **1. Why is the subsidy level for Lydiard relevant?**

In 2005, the cost of providing services to vulnerable people was just under one half of the Council's budget, leaving the other 52% to be spent on general services to the wider population, including waste and recycling services and facilities such as Lydiard Park

In 2015, a combination of population growth, increasing demand for statutory services and reduced funding means that 31% of the Council's budget is now being spent on general services. By 2020, this is set to fall to around 21%. The Institute of Fiscal Studies has predicted that less than 10% of Council budgets across the country will be spent on general services by the next Parliament.

This means that it is no longer possible for the Council to continue to subsidise cultural assets.

In 2013, the Council began a programme aimed at removing, over time, the subsidy for its leisure and cultural assets, by working with alternative operators with a more commercial focus. The overarching objective of the review of Cultural assets is to ensure they are able to have a sustainable future.

### **2. What is the annual subsidy of Lydiard House and Park?**

In 2014/15, the subsidy for Lydiard House and Park cost Swindon Borough Council £458,000. This is a net position, after including income from all activities, including catering, at the site.

The costs and income being charged to Lydiard were closely tracked during the year in preparation for the next stage of work on the Leisure and Culture Change programme. The Council has since completed a line by line analysis of the costs charged to Lydiard in 2014/15 with the site's managers. This confirmed that the figure of £458,000 is accurate.

### **3. What is the projected annual subsidy for Lydiard House and Park this year (2015/16)?**

The projected annual subsidy for Lydiard House and Park in 2015/16 is approximately £420,000 (as calculated in October 2015) and this figure is monitored closely on a monthly basis by the service managers.

### **4. What is the subsidy spent on?**

The subsidy and the figures referred to here are only the costs of direct service provision at Lydiard House and Park. Table 1 below was originally circulated in October, 2015.

Table 1 – original analysis of Lydiard House and Park

Lydiard House and Park - circulated Oct 2015		£
<b>Catering</b>		
Salaries (5.32 FTE)		174,000
Supplies & Services		214,000
less Income		-461,000
<b>Net Surplus</b>		<b>-73,000</b>
<b>House</b>		
Salaries (5.4 FTE)		150,000
Buildings maintenance	30,000	
Utilities	48,000	
Other	75,000	
Total Supplies & Services		153,000
Rent	-53,000	
Admissions & Events	-30,000	
Sales	-9,000	
Other	-8,000	
Total Income		-100,000
<b>Net Cost</b>		<b>203,000</b>
<b>Park</b>		
Salaries (7.8 FTE)		205,000
Grounds Maintenance		46,000
Income from hires		-50,000
<b>Net Cost</b>		<b>201,000</b>
<b>Education</b>		
Salaries (4 FTE, Incl. 1 FTE Mngr & 0.5 Curator)		136,000
Supplies & Services		3,000
less Income		-12,000
<b>Net Cost</b>		<b>127,000</b>
<b>Total Cost</b>		<b>458,000</b>

Lydiard House and Park - circulated Oct 2015		£
<b>Expenditure</b>		
Salaries		
Catering		174,000
House		110,000
Park		165,000
Management		120,000
Education		96,000
Supplies & Services		
Catering		214,000
House		153,000
Park		46,000
Education		3,000
<b>Total Expenditure</b>		<b>1,081,000</b>
<b>Income</b>		
Catering		-461,000
House & Park		
Rent		-53,000
Hires		-50,000
Admissions & Events		-30,000
Education		-12,000
Sales		-9,000
Other		-8,000
<b>Total Income</b>		<b>-623,000</b>
<b>Total Cost</b>		<b>458,000</b>

## 5. What is not included in the subsidy figure?

The subsidy figure does not include central support costs for IT, HR and payroll, Finance, insurance, etc. or other costs incurred by the Council such as capital expenditure.

## 6. Do all of the team members work at Lydiard? Are any costs for STEAM included in the Lydiard figures?

The staffing costs reflect;

- full time equivalent (FTE) staff based on the site at Lydiard
- the percentage of costs for staff whose work is split across a number of sites, and
- staff who are casuals who only work at the site on a seasonal or an ad hoc basis.

Some senior staff do work across Lydiard and Steam but only the apportionments of their time spent at Lydiard is recorded here. These apportionments were allocated by the service manager at the start of 2014/15 to reflect the expectation of time to be spent at Lydiard and Steam during 2014/15.

This reflected the dual aims to;

- allocate costs as accurately as possible to understand the individual costs of both STEAM and Lydiard
- provide additional support to Lydiard to generate more income and explore new opportunities with the aim to reduce the subsidy in the future

Questions have been raised about the number of FTE staff working across the site. During the analysis, approx. 40 names were identified as casual workers working at the house and park in 2014/15 for a varying number of hours. The analysis has totalled the cost of these casuals and reflected this as a notional 4 FTE. These casual roles could include staff who work at busy times, for example in front of house roles also It could also refer to staff in the parkland who look after the site performing stewardship and environmental roles to make the site safe, clean and welcoming. A similar exercise was undertaken for the casual staff who worked within the catering function.

The detailed cost analysis undertaken during November identified an updated allocation of staffing costs across the different operational elements (House and Operations, Park, Education and Curatorial) and is reflected in Table 2 below. The overall salary costs were £665,000 for 2014/15 which are reflected in both Table 1 and Table 2.

Table 2 – updated analysis of Lydiard House and Park

Lydiard House and Park		
Actual costs 2014-15		£
<b>Catering</b>		
Salaries (includes 7.5 FTE, including £25k casuals but no management costs)		174,000
Supplies & Services		214,000
less Income		-461,000
<b>Net Surplus</b>		<b>-73,000</b>
<b>House &amp; Operations</b>		
Salaries (6.9 FTE , includes 2.5 FTE managers)		196,000
Buildings maintenance	30,000	
Utilities	48,000	
Other	75,000	
Total Supplies & Services		153,000
Rent		-53,000
Admissions & Events		-30,000
Sales		-9,000
Other		-8,000
Total Income		-100,000
<b>Net Cost</b>		<b>249,000</b>
<b>Park</b>		
Salaries (8.4 FTE includes £81k casuals & 1 FTE manager)		220,000
Grounds Maintenance		46,000
Income from hires		-50,000
<b>Net Cost</b>		<b>216,000</b>
<b>Education &amp; Curatorial</b>		
Salaries (2.6 FTE including £7k casuals, 0.2 FTE Manager & 0.7 Curator)		75,000
Supplies & Services		3,000
less Income		-12,000
<b>Net Cost</b>		<b>66,000</b>
<b>Total Cost</b>		<b>458,000</b>

Lydiard House and Park		
Actual costs 2014-15		£
<b>Expenditure</b>		
Salaries		
Catering		174,000
House & Operations		96,000
Park		176,000
Management		144,000
Education & Curatorial		75,000
Supplies & Services		
Catering		214,000
House & Operations		153,000
Park		46,000
Education & Curatorial		3,000
<b>Total Expenditure</b>		<b>1,081,000</b>
<b>Income</b>		
Catering		-461,000
House & Park		
Rent		-53,000
Hires		-50,000
Admissions & Events		-30,000
Education & Curatorial		-12,000
Sales		-9,000
Other		-8,000
<b>Total Income</b>		<b>-623,000</b>
<b>Total Cost</b>		<b>458,000</b>

**7. How does the 2014/15 subsidy for Lydiard compare to the last 5 years? What are the previous year's subsidies for Lydiard and for Steam?**

Table 3 below sets out the subsidy comparison between the actual costs of Steam and Lydiard for the last five years. This shows that the catering service transferred across to Lydiard from another service between 2012-13. The changes to income and expenditure are outlined below.

Table 3 – 5 year analysis of Steam Museum and Lydiard House & Park

<b>Lydiard &amp; Steam actual costs</b>					
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Lydiard House &amp; Park</b>					
<b>Catering</b>					
<b>(Income)</b>			(328,000)	(412,000)	(461,000)
<b>Expenditure</b>			310,000	348,000	389,000
<b>Net (income) / cost</b>	0	0	(18,000)	(64,000)	(73,000)
<b>House, Park &amp; Education</b>					
<b>(Income)</b>	(198,000)	(203,000)	(160,000)	(182,000)	(162,000)
<b>Expenditure</b>	548,000	564,000	541,000	556,000	693,000
<b>Net (income) / cost</b>	350,000	361,000	381,000	374,000	531,000
<b>Total Lydiard Net Cost</b>	<b>350,000</b>	<b>361,000</b>	<b>363,000</b>	<b>310,000</b>	<b>458,000</b>
<b>Steam</b>					
<b>(Income)</b>	(898,000)	(825,000)	(1,036,000)	(1,028,000)	(1,058,000)
<b>Expenditure</b>	1,386,000	1,321,000	1,433,000	1,394,000	1,393,000
<b>Net (income) / cost</b>	<b>488,000</b>	<b>496,000</b>	<b>397,000</b>	<b>366,000</b>	<b>335,000</b>
<b>Total Net Costs for Steam &amp; Lydiard</b>	<b>838,000</b>	<b>857,000</b>	<b>760,000</b>	<b>676,000</b>	<b>793,000</b>

### 8. Why is the 2014/15 subsidy for Lydiard higher than in previous years?

The increase in net running costs of £148k between 2013/14 and 2014/15 included providing additional support to Lydiard to generate more income and explore new opportunities with the aim to reduce the subsidy in the future. This can be broken in to the following:-

- Salary costs increased by £91k, reflecting an accurate allocation of costs across Lydiard and STEAM. This figure can be further analysed into increases of £22k management, £38k education and curatorial and £31k house, operations and park. This included providing additional support to Lydiard to generate more income and explore new opportunities with the aim of reducing the subsidy in the future.
- Non salary operational expenditure increased by £46k reflecting additional costs incurred for both building and grounds maintenance.
- Income was £20k lower across a number of activities
- Catering net income improved by £9k

### 9. Summary

A combination of increasing demands on services and reducing Government funding means it is no longer possible for the Council to continue to subsidise its cultural assets as it has done to date. The Council has ruled out the option of selling Lydiard House and Park, but needs to find alternative ways of ensuring its facilities are sustainable without Council subsidy.

A process is underway, aimed at identifying more commercial approaches to generate sufficient income to remove the Council's current annual subsidy for Lydiard which was £458,000 last year. Specific options to be considered will be presented to residents and interested parties for comment over the next 2 months. These will include the potential introduction of car parking charges at country parks, in response to suggestions made by many residents during engagement sessions held by the Council at Lydiard Park last month.