

Abridged Report to KHPC Finance Committee regarding Sports Park Losses

By Chris Finlay, Vice Chairman of KHPC, and a member of the Finance Committee

The Losses and the Questions

Since the press release in October 2019, residents have been asking about the losses at the Sports Park - £150,000 in the Apr 2018 to Mar 2019 financial year £97,000 in the last financial year Apr 2019 / Mar 2020. Equally, residents have also expressed concern with the council tax increase of 15% and the fact that the parish council has little or no reserves left.

Background

In the early years the sports park made predictable budgeted losses as it was in 'investment mode' (as anticipated in the business plan), and the sole revenue source was through the football facilities. Expected losses in the Apr 2014/ Mar 2015 financial year were £113k, in 2015/16 £36k, in 2016/17 £71k and, finally, the figures started to show signs of improvement, with losses contained to £26k in 2017/18.

Unplanned Expenditures

During the early years the sports park sub-committee were concerned with the pitch quality, and voted through many expenditures that were not in the budget, and therefore ultimately were purchased from reserves. Ebbsfleet and Dover use of the sports park exacerbated this need to improve the playing surfaces. The following is a list of committee approved purchases:

1. Summer 2016, over £24,000 was spent on purchasing bowsers, watering equipment, sand, contract cutting and lining (with KCC)
2. August 2016 a groundsman was recruited (circa £30,000 pa),
3. September 2016 two councillors personally purchased a Suzuki Vitara (c. £12k, subsequently reimbursed by the council) to tow the water bower, which proved ineffective, and was resold in Feb 2017 (for £9,250, a loss of c. £2,750),
4. September 2016 an irrigation system was purchased (£5k),
5. November 2016 another irrigation system was purchased (£6k),
6. March 2017 a tractor was purchased (£8k),
7. The new groundsman ordered grass seed (£3,500) and fertiliser (£1700),
8. March 2017, a new mower was purchased (£7,800),
9. Summer 2017 Rigby Taylor did some summer pitch renovation (£15,000),
10. Food / beverages for Ebbsfleet and Dover cost £2k - £3k pm throughout the contract,
11. 2017 summer/autumn there were budget concerns with overspending at the Sports Park, and in January 2018, the groundsman left the parish council employment,
12. January 2018, KHFC erected barriers and dugouts (commercial irregularities and non-compliant with CDM regulations),
13. March 2018 a new groundsman was employed (£30k pa),
14. June /July 2018, Rigby Taylor again performed summer maintenance (£15,000),
15. June 2018 flood lighting was purchased (£5,000),
16. 2018, during the hot summer, watering the pitches (against expert advice) cost £6k,
17. September 2018 a new security system was purchased (£13k),
18. September 2018, another new mower was purchased (£36,000, financed), and so on.

Sport Park Financial Performance

The net effect, when all the numbers are summed to determine income and expense, is that although Ebbsfleet and Dover brought in circa £100,000 a year in income, the consequent and unforeseen demands for higher quality pitches, groundsman, and associated facilities and services culminated in even higher levels of unplanned, council approved expense, hence the exceptional losses of £150,000 and circa £90,000. Clearly, these exceptional losses, over and above the budgeted losses, eroded the reserves.

Budget Setting for Apr 2020/ Mar 2021 Financial Year

In September 2019, during the budget setting exercise, given the poor state of the finances and reserves, urgent action had to be taken to stem the losses, and to increase the Sports Park revenues. With a new council composition, and a new chairman, the previously ignored warnings of impending financial problems (since 2018) were heeded.

Working with the officers, the council agreed a series of unpopular measures including:

1. to scale back on pitch maintenance, which was outsourced,
2. to remove the 10% KHFC discount,
3. to remove the KHFC priority booking,

... and further actions to:

4. maximise grass pitches and 3G pitch hire revenues by introduce new clubs for the 2020/21 season (in accordance with the lease terms to maintain a diversified customer base),
5. increase the footfall in the Café and Bar, with existing and new customers,
6. introduce new sports to the park, namely rugby, netball and tennis, and
7. dispose of unnecessary equipment (tractors, mowers, etc..)
8. increase day time use of 3G and grass pitches

Clearly these necessary measures met a high level of resistance with KHFC, and exacerbated an already difficult relationship between the football club, the football club supporters, and the council.

Appendix A to this paper details the composition of the full council and the sports park committee, for the period from 2016 to 2019.

Appendix A Full Council and Sports Park Committee Composition, from 2016 to 2019

Full Council Composition for the Civic / municipal years	May 2016 – May 2017	May 2017 – May 2018	May 2018 – May 2019	May 2018 – May 2019
Chairman	A Petty	A Petty	D Hurring	S Barker
Councillors	R Ayling	R Ayling	R Ayling	A Board
	S Barker	S Barker	S Barker	C Bridger
	S Beal	S Beal	S Beal	R Cassidy
	A Board	A Board	A Board	M Colman
	C Brown	C Brown	C Bridger	A Petty
	R Cassidy	R Cassidy	C Brown	D Waller
	D Hurring	L Faulkner	R Cassidy	
	T Steel	D Hurring	A Petty	Joined July 19
	D Waller	A Kilvington	T Steel	A Lewis
	S Woodcock	T Steel	D Waller	C Finlay
		D Waller		A Russell
			Joined Nov 18	N Sherlaw
			M Colman	R Zahidi
				Resigned
				A Board
				R Cassidy
				A Lewis
				A Russell

Sports Park Committee	May 2016 – May 2017	May 2017 – May 2018	May 2018 – May 2019
SP Financial Performance (losses)	c. £71,000	c. £26,000	c. £150,000
Chairman	A Petty	A Petty	S Beal
Councillors	A Board	S Barker	R Ayling
	D Hurring	S Beal	S Barker
	T Steel	A Board	A Board
		L Faulkner	D Hurring
		T Steel	A Petty