

Report to **Policy & Resources Committee**
Date **29 February 2024**
By **Head of Governance**
Title of Report **Q3 South Downs Commercial Operations Limited Performance Report 2023/24**

Note

Recommendation: The Committee is recommended to:

1. Receive and consider the Q3 South Downs Commercial Operations Limited (SDCOL) performance report 2023/24.

1. Introduction

1.1 The SDNPA considers it important as a publicly accountable body, to monitor its performance. The Policy and Resources Committee has terms of reference which include “To monitor and review the performance including financial performance of South Downs Commercial Operations Limited in the context of its business delivery against the agreed operating agreement and annual business plan and make recommendations to the NPA as appropriate.

1.2 Whilst this report calls on the committee to consider the content of the SDCO performance report, the terms of reference for the committee include considering if the committee wishes to make any recommendations arising from its consideration of the report. Any such recommendations would be subject to a vote at the committee meeting.

1.3 The purpose of this report is to update the Policy & Resources Committee on the performance of South Downs Commercial Operations Limited during Quarter 3 (Q3) of 2023/24: 1 October to 31 December 2023. This report contains an update on SDCOL’s performance against the KPIs (**Appendix I**), which were approved by the Authority alongside SDCOL’s business plan, and an update on SDCOL’s financial performance during this period.

2. Update on performance against KPIs

2.1 SDCOL continues to perform well against each of the KPIs, as set out in **Appendix I** that we are able to report on at this point in the year. These include the following highlights:

- Livestock units per hectare have increased from Q2 enabling further grazing including on species rich chalk grassland.
- The mobility scooters have continued to see use despite the poor weather.
- The site also continues to support free activities for priority audiences with a number of different groups and SDCOL has exceeded its KPI target in this area.
- Significant strides have been made in increasing the average spend per head in the Visitor Centre which now exceeds the target by more than 60%.

- Remaining within 10% of financial projections is red rated as the most recent reforecasting of the end of year deficit (£178k) is a significant increase over the originally forecast deficit in the business plan (£63k).
- 2.2 SDCOL's ability to deliver "a night under the stars" and overnight stays are dependent on the opening of Foxholes Cottages, the Camping Barn and camping site. During Q3 none of these facilities were open. As of the date of this report one of the cottages has opened and there is a tender open to secure the future operation of all three cottages, the Camping Barn and camping site with are expected to all be open and available to book in Q1 2024/25.
- 3. Update on financial performance as at Month 9 – December 2023**
- 3.1 Sales in the Visitor Centre are exceeding expectations by £18k above projected income for the year. Income from Food Outlets remain slightly (£4K) behind projected income. Efforts have been made to reduce the use of casual staff in these areas through temporary contracts with some success, but the cost of providing these facilities remains high.
- 3.2 The very poor weather conditions during November and December 2023 impacted visitor numbers on the site. Although a successful Christmas Fair assisted with sales in the Food Outlets and Visitor's Centre.
- 3.3 Income from onsite filming continues to exceed projected income, having brought in £33k this year.
- 3.4 Car Parking continues to be the major source of income for SDCOL. The income from onsite parking and income from being part of the Forestry Commission's annual pass scheme are slightly above projections by £5k.
- 3.5 Negotiations between SDCOL, on behalf of the SDNPA, and Natural England have led to an offer of a 5-year scheme which includes both a capital sum and an annual sum, likely to total approx. £500K over 5 years which is expected to start from 1 January 2024. Whilst the Stewardship Agreement will be with the Authority, as landowner, SDCOL continues to undertake land management at SSCP on behalf of the Authority and will benefit from the funds under the agreement. This is very positive for the Country Park and will help support high-quality land and habitat management.
- 3.6 SDCOL budgeted for a loss in the 2023-24 financial year of £63k with a target to break even in 2024-25. Whilst the financial situation is improved over the Company's first year trading (where the total deficit for the year was £244k), the year-to-date deficit is higher than projected. Once payments due to the Company are taken into account the current deficit is approx. £115k. Significantly higher than expected utility costs have contributed to the deficit along with higher than projected cost of sales at Food Outlets and the Visitor's Centre, some of which is due to the high levels of inflation over the past year. Also, the earlier than usual onset of poor winter weather has contributed to below projected income in the latter half of Q3.
- 3.7 Whilst no income has been forthcoming from Foxholes Cottages or the Camping Barn or Camp Site in the year to date, the first cottage received trial visitors in late Q3 and the Company aimed to welcome its first paying customers in early Q4 with the other two cottages and the Camping Barn to be open by Q1 2024/25. The Company is making every effort to ensure all accommodation facilities are open and the day-to-day operations being undertaken by a specialist management company by Q1 2024/25.
- 3.8 The Company board and staff team at SSCP continue to make efforts to manage the operating costs of the site and to look at innovate ways to streamline operations and reduce costs, such as through reduced use of zero hours staff, where possible. However, it is acknowledged that some of the costs which have led to the deficit are due to factors outside of the Company's control, such as energy costs and the weather. The Authority's plans to install a Photovoltaic (PV) system on some of the buildings at Exceat will go some way to mitigate future energy costs and work is underway to have these installed during 2024/25. A focus of SDCOL during 2024/25 will be to provide a wider offer at SSCP which is not weather dependent with the aim of reducing the impact of poor weather on income.

4. Update on other matters

- 4.1 The Camping Barn and a number of buildings at Exceat will be undergoing some further works including energy efficiency and electrical works during Q4. This work has been coordinated between SDNPA and SDCOL to take place during the off-peak winter season in order to minimise disruption and revenue loss, however, it will inevitably impact the ability of the Company to rent out some of the spaces at Exceat during Q4.

5. Other implications

Implication	Yes*/No
Will further decisions be required by another committee/full authority?	No further decisions are required as a direct result of this report.
Does the proposal raise any Resource implications?	There are no direct resource implications to this report, as the recommendations are to receive and consider only.
How does the proposal represent Value for Money?	As SDCOL is a Teckal company managing SSCP for the SDNPA, it is important that Members consider the performance of the Company against the KPIs to ensure the Authority's assets are being effectively managed.
Which PMP Outcomes/ Corporate plan objectives does this deliver against	SSCP supports delivery of the majority of outcomes in the PMP and is a key area of work in the Corporate Plan contributing to the higher-level targets.
Links to other projects or partner organisations	The important relationship to note for this report is the relationship between the SDNPA and SDCOL. SDCOL being a Teckal Company is contracted to run SSCP.
How does this decision contribute to the Authority's climate change objectives	The Authority's climate change ambition at SSCP is to lead by example through how it's working practices and how it operates at and manages SSCP. The report covers some climate action measures
Are there any Social Value implications arising from the proposal?	None
Have you taken regard of the South Downs National Park Authority's equality duty as contained within the Equality Act 2010?	Yes – SSCP being a site attracting a large number of visitors significant works have been undertaken on site to ensure equality of opportunity as far as possible for visitors.
Are there any Human Rights implications arising from the proposal?	None
Are there any Crime & Disorder implications arising from the proposal?	None
Are there any Health & Safety implications arising from the proposal?	Whilst there are many H&S considerations at SSCP, there are no implications directly arising from this performance report.

Implication	Yes*/No
Are there any Data Protection implications?	None

6. Risks Associated with the Proposed Decision

- 6.1 There are no direct risks associated with this performance report. Risks to the SDNPA and SDCOL are monitored on their various risk registers, including on the Corporate Risk Register which is overseen by the P&R Committee. However, it should be noted that the good performance of SDCOL is important to ensure SSCP can fulfil its potential both for nature and visitors. Also, as SDNPA is the sole shareholder of the Company, the financial performance of the Company ultimately impacts the SDNPA's financial position.

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Appendices	I. Q3 2023-24 SSCP KPI
SDNPA Consultees	Chief Executive; Director of Countryside Policy and Management; Director of Planning; Chief Finance Officer; Performance & Project Manager; Project Management Lead
External Consultees	None
Background Documents	None

SSCP KPI 2023/24							
Key Performance Indicator	Key data	Lead Officer	Annual Target	Year to date progress at current Q	Commentary at current Q	RAG	Next steps and/or potential risks
People Indicators							
Rating of Visitor Centre Experience (staff knowledgeable and welcoming, interesting interpretation and retail, etc.)	Data taken from SSCP Annual Visitor Survey and Visit England accreditation	Claire Onslow	75%	Visit to take place Q3/Update on results due in Q4	Update due in Q4		
Rating of cleanliness, including toilets			TBC				
Rating of catering offers on site			TBC				
Rating of wider park, landscape and things to do.			TBC				
Nature Recovery Indicators							
Total number of and extent of sites within SSCP where SDNPA activity is contributing towards favourable condition of the habitats.	Annual delivery plan and PA2 survey	Sam Cordery/Lawrence Leather	65.37 ha Chalk Grassland 52 ha Grazing Marsh 101 ha Semi Improved Grassland	A fixed number for the SSCP	In addition to general grazing 25Ha of species rich chalk grassland that was not grazed in Q2. Increase in livestock from 50 units per ha to 70 units per ha.		
Number and performance of species recovery programmes developed for delivery from 2023	Target to be developed on announcement of SDNPA Priority Species and Natural England Species Recovery Targets as well as the SSCP PA1 survey to map rare plants including Wall Germander	Sam Cordery/Lawrence Leather	Baseline to be agreed using PA2 mapping survey conducted in Q2 23/24		PA2 survey has informed negotiations on the CS agreement		
Climate Action Indicators							
Progress towards SSCP becoming net-zero	SSCP carbon emission baseline to be calculated and a target (to be agreed) for reduction	Kate Miles	Baseline to be established in 23/24				
A National Park for All Indicators							
Number of completed sessions facilitated by mobility equipment	Data to be recorded as part of Corporate Plan reporting Process	Richard Ayres	104	75			
Metres of new and/or improved accessible path	Data to be recorded as part of Corporate Plan reporting Process	Sam Cordery/Lawrence Leather	Maintained 21.4m Created 0m Improved/restored 0m	Going forwards requested from Andy Gattiker			
Number of children experiencing a "night under the stars" at SSCP	Data from booking system - camping bookings	Richard Ayres	Baseline to be established in 23/24	n/a	Camping site working to open during Q3		
Number of completed venue bookings specifically to support free activities targeting priority audiences	Data from booking system	Richard Ayres	10	23	Floristry workshop, wreath making, Christmas market, 2 x children's trail		
Number of SDNPA events hosted at SSCP		Richard Ayres	25	20	Corp volunteers, care for careers, school visit		
Increase in the diversity of SSCP visitors	Evidenced in the SSCP Visitor Survey. Baseline to be established in 23/24	Richard Ayres	Baseline to be established in 23/24	20% compared to 34% in 2019 (5% drop in Asian visitors completing the survey)	SSCP 2023 Survey report draft received in Q3. Data was difficult to interpretate in regards to 'diversity'. However, it did report that 20% considered themselves from a non white ethnicity. The report also stated 'It should be noted that overseas visitors tend to be under represented in face-to-face visitor surveys due to difficulties experienced when interviewing visitors for whom English is not their first language'		
Finance Indicators							
SSCP to stay within 10% of the financial projection for 2023/24 as defined in the Business Plan		Claire Onslow	< 10% variance under financial projection		Current reforecast EOY projection is a deficit of £178k against a business plan projection of a £63k deficit.		
Place Making Indicators							
Percentage of goods sold by Company originating from local suppliers.	Data taken from supplier list on Clover	Richard Ayres	60%	80.00%			
Average spend in the shops per head	Data taken from sales system	Richard Ayres	£1	£1.62			
Overall contribution to local economy from visitors	Derived from SSCP visitor survey questions on length of stay in area	n/a	Baseline to be established in 23/24	Overnight visitors decreased, but local residents increased	Over night visitors who completed the survey dropped from 37%(2019) to 34% (2023). However, local residents visiting increased by 12%		
Percentage of overnight guests providing satisfactory feedback (rating of 3/5 or above)	Accommodation Booking system	Richard Ayres	90%	09-Oct	Trial guests stayed in the cottage accommodation in the latter part of Q3 and provided positive and useful feedback.		

