

Report to **Policy & Resources Committee**
Date **21 November 2024**
By **Head of Governance and Monitoring Officer**
Title of Report **Q2 South Downs Commercial Operations Limited Performance Report 2024/25**

Note

Recommendation: The Committee is recommended to:

- 1. Receive and consider the Q2 South Downs Commercial Operations Limited (SDCOL) performance report 2024/25; and,**
 - 2. Note that this is the final report on the performance of South Downs Commercial Operations Limited following the termination of the Seven Sisters Country Park operating agreement on 9 October 2024.**
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1. Introduction

- 1.1 The SDNPA considers it important as a publicly accountable body, to monitor its performance. The Policy and Resources (P&R) Committee has terms of reference which include “To monitor and review the performance including financial performance of South Downs Commercial Operations Limited (SDCOL) 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 The purpose of this report is to update the P&R Committee on the performance of South Downs Commercial Operations Limited during Quarter 2 (Q2) of 2024/25, 1 July to 30 September 2024, and to the termination of the operating agreement on 9 October 2024. This report contains an update on SDCOL’s performance against the KPIs (**Appendix I**), which were approved by the Authority on 11 July 2023, and an update on SDCOL’s financial performance during this period.
- 1.3 At the Authority meeting on 9 July 2024, the Authority decided to bring the management of Seven Sisters Country Park (SSCP) within the Authority. The Operating Agreement with SDCOL to manage SSCP terminated on 9 October 2024. As such, this will be the final report for the P&R Committee to monitor and review the performance of SDCOL. The committee will receive ongoing quarterly reports on the performance of SSCP.

2. Update on performance against KPIs

- 2.1 At Q2 SDCOL has performed well against the majority 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:
 - Continued mixed livestock grazing at scale and chalk grassland and other habitat surveying as part of our Countryside Stewardship commitments.

- Regular Youth Action Days and Corporate Volunteering Groups have been on site assisting with scrub clearance and scything tasks.
- New gates and fencing at Haven Brow were installed, the first in a longer programme of fence and gate replacement across the site in 2024/25.
- Work commenced on the Wetlands Enhancement works funded by Defra Water Funding with the creation of wetland scrapes to improve habitats for wetland birds. Q3 will see the wider delivery and completion of this project.
- Supported the work of colleagues across the National Park providing spaces for nature engagement and access to the countryside with organisations such as ESCC Carers, Growing Roots and Nature Bytes alongside education / group visits in partnership with the SDNPA wellbeing teams.
- Increased usage of mobility scooters following the improved weather, including notable repeat visitors.
- Private hire events have added diversity to the visitor offer included an artist collaboration exhibition, Artwave 2024, artist workshops and corporate team building days. Partnership events were delivered with Sussex Wildlife Trust, South Downs National Park and Sussex Naturalist Michel Blencowe. No in house events were scheduled due to the busy peak season.
- Average spend per head in the Visitor Centre continues to perform over target, Spend per head can only be tracked in the Visitor Centre and it should be noted that not all visitors will make a purchase alongside the free information service. Operationally average spend per transaction is used as a more monitorable measure.

2.2 SDCOL's ability to deliver "a night under the stars" and overnight stays were always dependent on the opening of Foxholes Cottages, the Camping Barn and campsite which is now managed under a concession contract. Whilst the contract does not monitor the number of heads 'sleeping under the stars' 11 groups connected with Duke of Edinburgh, home school and a return for The Garden Classroom were welcomed during Q2. It should be noted that the school summer holidays is typically a quieter period for young people group bookings.

3. Update on financial performance as at end of year

- 3.1 At the end of Q2 the Company showed a favourable financial position of £56.7k. Income has exceeded projections by £57.7k with cost of sales generating £13.3k favourable variance.
- 3.2 Sales in the Visitor Centre have exceeded expectations over Q2 by £20.8k above projected income. Car Parking continues to be the most significant source of income for SDCOL and in Q2 was nearly £5k above projections despite reduced car parking capacity due to the sewage treatment system works. Income from Food Outlets were broadly on target. The Camping Barn and holiday cottages have also delivered a £5.5k favourable variance.
- 3.3 Costs of sales in the visitor centre are reflecting a £9.4k adverse variance to date, which will be reflected in the increased revenue income. Food outlets, though, are generating a saving of £22.5k which will be related to stock and staff. This can be considered in relation to the Q1 position where stock costs were higher, indicating use of that stock in later periods.
- 3.4 The costs relating to the Holiday cottages are on budget, and there are minor favourable variances on events costs and car parks.

4. Update on other matters

- 4.1 Following the Authority's decision at its meeting on 9 July 2024 to bring the management of SSCP within the Authority, the operating agreement with SDCOL terminated on 9 October. SDCOL has worked closely with the Authority to ensure a smooth transition and to put the necessary arrangements in place for contracts currently held by SDCOL. An update on the governance arrangements now in place for the management of SSCP was received by the Authority at its meeting on 17 October 2024, which included an update on arrangements for future performance reports to be received quarterly by the P&R Committee.

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 was 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 that was contracted to run SSCP until 9 October 2024.
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 – SDCOL is required to deliver in line with the Authority's equality duty. With 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.
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. QI 2024-25 SSCP KPI
SDNPA Consultees	Chief Executive; Director of Planning; Chief Finance Officer; Head of Finance and Corporate Services; Commercial and Strategic Manager.
External Consultees	None
Background Documents	None