



<b>Subject:</b>	Financial Reporting – Quarter 1 2015/16 Zoo update
<b>Date:</b>	9 September 2015
<b>Reporting Officer:</b>	Rose Crozier, Assistant Director of Parks and Leisure
<b>Contact Officer:</b>	Mark Chalis Zoo Manager

<b>Is this report restricted?</b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	At the City and Growth committee members requested information from the Zoo on its financial performance outlining the corrective actions to be undertaken to address the forecast overspend during the year.
<b>2.0</b>	<b>Recommendations</b>
2.1	Members are asked to note the report and the associated action plan to address the financial performance of the Zoo.
<b>3.0</b>	<b>Main issues</b>
3.1	The Quarter 1 position for the Zoo is an over spend of £206k with the forecast year end position being an over spend of £200k (23%). The forecast position is due to anticipated loss of income of £100k and additional expenditure, including employee costs. The position at the end of July is somewhat improved, with Zoo being £150k over budget.
3.2	<b>Background</b> Staff costs, utilities and animal care costs remain the main cost drivers of the Zoo. Income at the Zoo is extremely weather dependent and, in common with other outdoor attractions, the poor weather in July reduced visitor numbers compared to 2014.

	<p>However, August 2015 is currently improved compared to August 2014, and it is currently estimated that at the calendar year end, visitor numbers will be comparable to those achieved in 2014 i.e. c. 250,000</p>
3.2	<p><b>Current Position and next steps</b></p> <p>A commercial review of the Zoo is underway and one of the main strands of this work is looking at income generating opportunities. Another element is cost reduction and the attached plan highlights the key priority areas to address the current financial position. (<b>Appendix 1</b>). This improvement work is being done with staff as part of a Zoo Improvement Programme.</p>
3.4	<p>The plan has three key objectives, namely, to increase zoo visitor numbers, to increase zoo income, and to reduce zoo expenditure. Each includes a number of 'task streams', and key tasks that will be undertaken. Many of the outcomes of this plan will be longer term and will not have an immediate impact on the over spend. However 3 priority areas have been highlighted to improve the position at year end:</p> <ul style="list-style-type: none"> <li>• Promotions – to include the catering offering</li> <li>• Agency/overtime</li> <li>• Shop sales.</li> </ul> <p>The manager has looked at a number of promotions to run over the September period and a programme of events over Halloween and Christmas may help generate additional income without incurring additional expenditure.</p> <p>Current spend per head at the shop is £1.40 and benchmarking with other Zoos has shown that there is scope to increase this through mobile sales and promotions. An additional 50p per head over the Easter period alone could generation an additional £15k income.</p> <p>Also in this financial year there are two Easter periods as Easter 2016 falls at the end of March. A budget of £100k additional income has been included and visitor numbers can vary between 25-30k over this period. Staff costs are required to cover this holiday period and overtime is required to cover bank holidays and seasonal staff brought in through the agency. The resources will be planned and managed tightly within budget. The Zoo improvement group are looking at staff levels and options to make efficiencies in house and this will involve ongoing consultation.</p>

	<p>The reviewed forecast for the Zoo therefore is £60k overspend by year end which is within agreed tolerances.</p> <p><u>Financial &amp; Resource Implications</u></p> <p>The finance and resource implications are contained throughout this report.</p> <p><u>Equality or Good Relations Implications</u></p> <p>None</p>
<b>4.0</b>	<b>Appendices – Documents Attached</b>
4.1	<b>Appendix 1</b> - Financial action plan.