

From: Kathleen Gibb
Date: 18 October 2006

Historic Scotland Board

Copy to: Laura Petrie, Director of Finance

September 2006 Finance Report

1. Forecast income and expenditure is shown below:

	<u>HS Budget</u> <u>(SE Approved)</u>	<u>HS Forecast</u>	<u>Variance</u>
Funding:			
Exchequer Funding	41,308	41,308	-
PIC Income	25,086	24,357	729
Other Income	1,207	921	286
Total Funding	67,601	66,586	1,015
Expenditure:			
Administration Costs	31,857	32,027	(170)
Programme Current	27,844	28,258	(914)
Heritage Capital	6,900	1,768	5,132
Operational Capital	1,000	5,029	(4,029)
Total Expenditure	67,501	67,082	19
Forecast Agency Outturn	-	(496)	(496)
Non-cash expenditure: capital charges	3,607	2,607	1,000

2. The overall level of overcommitment for the Agency now stands at £0.496 million. The figures above include the £0.5 million drawdown from the SE as it has now been confirmed that this money was added to our baseline as part of the Autumn Revision. However, this increase in funds has been more than offset by a fall in the commercial income forecast of around £0.650 million.

3. This month's position includes forecasts of expenditure from each group for the first time this year. Current forecasts indicate spending levels roughly in line with the budgets allocated, although this may of course change. In particular, PIC are to review the major projects expenditure where there is sufficient slack to cover the deficit..

Income Outturn

4. The income results for the end of September are shown below:

YEAR TO DATE	Budget	Actual	%+/- Bgt	%+/- Ly	Annual Budget	Year End Reforecast as at October
Visitor Numbers	2,284,206	2,405,410	5	8	2,910,000	2,989,400
Admissions	7,530,221	7,093,520	(6)	6	10,761,338	10,323,822
Site SEPS & Membership	955,670	1,026,731	7	30	1,145,064	1,201,531
Retail	4,448,132	4,286,171	(4)	4	5,938,576	5,769,649
Tourism & Membership	3,502,795	3,390,309	(3)	5	5,335,022	5,269,188
VSBD INCOME	16,436,818	15,496,731	(4)	6	23,180,000	22,564,190
Other Income	181,980	191,637	(1)	1	352,700	317,000
Total Commercial Income (KPT)	16,618,798	15,988,368	(4)	6	23,532,700	22,881,190

5. Despite very encouraging visitor numbers, our income deficit still stands £630,000 behind target. 84% of this deficit relates to site admission and retail sales. There are three key reasons for this:

- We are welcoming more 'free' visitors than anticipated this year – visitors who have purchased Explorer Passes, Memberships or are eligible for free entry. Whilst this is good news, it is skewing our admissions and retail forecast for the year.
- With hindsight we believe that we have 'front loaded' the budget too heavily towards the first six months of the year and that our profiling for the year is affecting our performance against budget.
- September and October are becoming increasingly important months, as the Scottish tourism season extends and we focus on promotions such as Autumn Gold and 'Kids Go Free'. Income generated from these two months is now starting to make a significant difference to our out-turn at the end of the year. Again we may not have fully reflected this in our profiling at the start of the year.

6. Within HQ sales day catering, events and membership all continue to deliver strong performances, well ahead of last year and ahead of budget to the end of September. The Membership Team have passed their target of 75,000 memberships for the year.

7. The Year End reforecast reflects the current drop in retail and admissions income and assumes that the budget deficit will remain around current levels. This is a fairly conservative estimate, suggesting that we will continue to meet but not exceed our income targets for the rest of the year.

Grants

8. The commitments for 2006-07 are shown below:

	No	Value
Secular	39	£4,976,485
Places of Worship	6	£282,011
Recurring Commitments	13	£3,679,664
NPOW Scheme	19	£636,964
Total Committed Funds	77	£9,575,124
Secular	9	£1,252,257
Places of Worship	1	£105,940
NPOW Scheme	9	£403,650
Total Indicatives	19	£1,761,847
Secular	29	£2,415,979
Places of Worship	2	£134,000
Total Estimates	31	£2,549,979
Regeneration Fund		£350,000
Total	127	£14,236,950
Grant Budget		£11,966,000

9. There is sufficient overcommitment in the system at present to bring in a full year spend on this line.

10. The future grants commitments for 2007-08 to 2010-11 are as follows:

Status	2007-08	2008-09	2009-10	2010-11	Total
Firm Offer	£649,752	£0	-	-	£649,752
Indicative Authorisations	£2,519,934	£388,319	-	-	£2,908,253
POW Scheme	£98,845	£1,750,000	£1,750,000	£1,750,000	£5,348,845
Recurring	£3,852,964	£4,562,163	£4,762,163	£4,966,163	£18,143,453
Total Committed Funds	£7,121,495	£6,700,482	£6,512,163	£6,716,163	£27,050,303
<i>Excess of demand from previous yr</i>	<i>£2,271,150</i>				<i>£2,271,150</i>
Demand from batching 1	£1,000,000	£3,000,000	£3,000,000	£3,000,000	£10,000,000
Regeneration Projects/Fund	£1,000,000	£2,500,000	£2,000,000	£2,500,000	£8,000,000
Estimates	£6,898,062	£2,259,699	-	-	£9,157,761
Total	£18,290,707	£14,460,181	£11,512,163	£12,216,163	£56,479,214

Budget (projected)	£12,966,000	£12,966,000	£12,966,000	£12,966,000	£51,864,000
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11. This profile assumes that the £1 million allocated in the Corporate Plan continues although this is subject to the outcome of the spending review. Otherwise the level of commitment remains reasonable at this stage.

12. Laura Petrie will discuss these figures at the meeting on 25 October 2006.

Kathleen Gibb
Chief Accountant

18 October 2006