

HISTORIC SCOTLAND BOARD MEETING 25-27 JUNE: ORKNEY

Annex B

Annual Accounts 2005-06

Major Variances between 2005-06 and 2004-05

Commercial Income

1. The most significant factor for the lower commercial income is the reduced visitor numbers, which were 6% down on 2004-05. The effects of the G8, the London bombings and no Easter in 2005-06 all contributed to the reduced visitor numbers. Average spend per visitor (SPV) for admission increased by 6% holding the income broadly level with last year. Retail SPV was only 2% up on last year and therefore could not offset the fall in numbers.

Other Income

2. Conservation work is £0.1 million lower due to the completion of the Mansfield Church project. The major gain on disposal of fixed assets relates to the sale of land at Kerse Road, £0.2 million. Other income includes a mix of income types and includes increases on utility recharges resulting from the increase in electricity / gas costs. The agency also received a refund of £0.1 million in respect of rates for Holyroodhouse.

Commercial Trading Account

3. The commercial trading account includes all commercial income generated by PIC. All expenditure for visitor services are charged against this income. The net profit equates to the contribution made toward the costs of conserving and maintaining the properties in care.

4. Gross margin on retail sales rose by 1% to 51%.

Grants

5. Overall increase on grants amounts to £1,980, 17%. The main reasons for the increase are the budget increase of £0.5 million and £0.6 million of funding carried forward from 2004-05. In addition to this the spend rate in 2005-06 was better.

Pay

The main increases are shown below:

	2005-06	2004-05	+/-
Salaries and wages	19,241	17,656	1,585
ERNIC	1,383	1,245	138
Superannuation	3,007	2,046	961
Early departure costs	56	158	(102)
Agency staff	342	298	44
Total Employment	24,030	21,403	2,627

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Less recoveries	(159)	(105)	(54)
Net Costs	23,871	21,298	2,573

6. Salaries and wages increased by £1.6 million, . The pay award at £1.1 million, 6 %, is the main reason for this increase. Staff salaries were increased by 2.5% across grades except for the Band A and B salaries (4.8% and 3.9% respectively) where there were recruitment pressures. The progression scheme introduced in 2001 which guarantees that staff will reach the maximum salary for their grade within a specified period of time is still working through the system. This accounts for the balance of the pay award costs. In addition to this new posts accounted for £0.5 million

7. Employers National Insurance increased because of the pay award and new posts.

8. The average percentage for superannuation increased from 12.3% to 16.6 % accounting for approximately £0.8 million. The balance relates to the increased pay costs and staff numbers. Historic Scotland did receive £0.7 million additional funding which covered most of the cost.

9. Staff numbers increased by 27. The main areas of increase were:

	wte
Inspectorate / Policy restructures	4
EC esplanade – meet and greet staff / ticket office	6
Conservation staff – new Dumbarton squad	7
Planning / SEAS – policy group	3
Orkney rangers	2
e-procurement project support	2
Major project – architectural technicians	2
Heritage Audit	1
	27

Conservation and Presentation

10. Both these areas increased expenditure in 2005-06. Conservation received an additional £0.2 million budget in 2005-06 from spending review monies. However the main reasons was the slippage on the major projects programme for Stirling, Edinburgh and Stanley Mills. Budget was transferred during the year to both conservation and visitor services.

Depreciation

11. The depreciation charge is significantly lower in 2005-06 because of the write back of the revaluation gain, £1 million, for the Urquhart Castle Visitor Centre. Normally gains on revaluation of an asset are taken directly to the revaluation reserve. However there was a large impairment for the Urquhart Castle Visitor Centre when it first opened and the revaluation gain must be taken to the income and expenditure account to offset against this up to the limit of the previous impairment write-down

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