

MG – 760 (b) CAR PARK TRADING ACCOUNT REPORT – mid year 2005**Background**

This paper was previously submitted to Senior Management Team.

Purpose of the Report

One of the business critical issues raised by the new Internal Auditors was the identification of a trading account for car park income. Car park income is one of our key variable forms of income. The other two being interest on bank balances and visitor centres sales.

The aim of the report

The aim of the report is to

- identify the net benefit to the Authority of the car park trading operation; and
- establish the likely outturn in this financial year.

Car Park Income – Benefit or Cost?**In Theory**

The National Park Authority moved to formalised car park charges as the previous voluntary system yielded income which was clearly not covering costs and was effectively an opportunity cost to the Authority. Formalising car park income was seen as a way of increasing the Authority's income in order to maintain and expand service areas. After several years of operating formalised car parking charges a value for money study was commissioned. This was undertaken by Pricewaterhouse Coopers and the recommendations were amended following discussions with the Hadrian's Wall Tourism Partnership. This Partnership enabled the pricing structure to be set in a wider context of encouraging sustainable tourism to the area. Implementation followed National Park Authority approval.

Full practical implementation was not possible until the 2005 season due to the length of time taken to gain scheduled ancient monument consent for mains electricity supply to Cawfields car park and the need to plan the back office systems for the collection of credit card payments.

Analysis of the real financial benefit was undertaken by all relevant staff and shows that if income and expenditure are in line with planned budget allocations then the net financial benefit to the Authority is about £53,000 per annum (see Annex 1)

In Practice

There are effectively two points in the annual cycle for assessing the actual financial benefit to the authority of car parking income. Clearly at the end of the financial year and secondly once the main visitor season is complete i.e. the end of August. Performance is often affected by external events e.g. the weather. Therefore we monitor the income monthly against the seasonally adjusted profile.

In 2005/06 the income collected at the end of August is 11% or £5,400 above the budget profile. The annual target is £85,000. Therefore the Authority is likely to see

an additional income of £8,000 in 2005/06. However, some costs are increase in-line with income plus the winter season income can be dramatically altered by poor weather thus a probable net effect is estimated at £5,000. **It is suggested that this additional £5,000 be added to the Authority's budget for 2005/06 and, if the performance is maintained, to the 2006/07 base budget.**

Recent investments in the car park infrastructure such as new collection machines at Cawfields and Walltown and new credit card facilities are all showing net contributions. Namely, the income they have generated from April to August 2005 is sufficient to pay for the investments made - that is that we have collected £2,750 at Cawfields, £3,860 at Walltown and £1,500 from credit cards at Housesteads.

Conclusion

The Car Park Trading account shows a very good return to the Authority in terms of the finance, staff and capital costs invested. Actual performance is slightly above the estimated benefits and new investments are making rapid financial returns.

Stuart Evans
Director of Resources
8 September 2005

Annex 1**Car Park Trading Account**

Staff Costs	Estimate 2005/06	Notes
Financial Administration - HQ	£2,018	15days pa Finance Assistant @ £114 per day plus 18% admin on-costs
Collection, Compliance and Maintenance - Rangers	£6,443	42 days pa Ranger @ £ per day plus 18% admin on-costs
Other Staff	£1,142	3 days Director @ £256 per day + 2 days pa Designer @ £115 per day
Sub-Total Staffing	£9,603	
Direct Costs		
Maintenance & Signage	£12,000	Annual budget also includes for machine replacement
Commission to National Trust	£10,600	12.5% of income (net of VAT) from Cawfields, Steel Rigg, Housesteads and Season Tickets
Sub - Total Direct Costs	£22,600	
Total Costs	£32,203	
Income (Net of VAT)	-£85,000	Estimate 2005/06 Notes Collections from Walltown, Cawfields, Once Brewed, Steel Rigg, Housesteads and Season Tickets
Profit	-£52,797	62%