

REPORT TO: Audit and Governance Committee

MEETING DATE: 18 June 2019

BY: General Manager, Musselburgh Racecourse

SUBJECT: Musselburgh Racing Associated Committee 2018-19
Performance

1 PURPOSE

- 1.1 To report to the Audit & Governance Committee on the 2018-19 performance of Musselburgh Racecourse.

2 RECOMMENDATIONS

- 2.1 The Audit & Governance Committee is asked to note contents of the report.

3 BACKGROUND

- 3.1 Summary of performance:

- 28 fixtures were scheduled in 2018-19.
- 27 fixtures were staged in 2018-19 compared to 28 fixtures staged in the previous year.
- Extra Fixtures – four.
- Abandonments – five.
- Raceday Income was £4,427,163, up £51,094 on the budget (and down £85,231 on the previous year)
- Raceday Expenditure was £2,490,195 up £59,992 on the budget (and up £64,943 on the previous year)

- Expenditure on Prizemoney was £1,720,757, down £133,343 on the budget (and down £255,092 on the previous year).
- Cost of Prizemoney to the MRAC was £994,935, down £44,298 on the budget (and down £147,870 on the previous year).
- Profit from Racedays (after PM) was £942,033k, up £35,400 on the budget (and down £2,304 on the previous year).
- Fixed Income was £932,712, up £8,180 on the budget (and down £37,597 on the previous year)
- Fixed Expenditure was £1,827,798, up £122,437 on the budget (and up £144,268 on the previous year)
- Profit was £46,947, down by £78,857 on budget (and down £184,169 on the previous year)
- Net Expenditure (after grants) on Essential Maintenance and Capex Development Programmes was £31,558, down £18,442 on budget (and down £13,869 on the previous year)
- The Surplus before non-recurring, unbudgeted exceptional costs was £15,389, down £60,415 on the budget (and down £170,300 on the previous year)
- The retained profit (reserves) at the beginning of the year was £187,317
- The retained profit (reserves) at the end of the year before non-recurring, unbudgeted exceptional costs was £202,706
- The non-recurring, unbudgeted exceptional costs were £352,306.
- The net increase/decrease in retained profit (reserves) for the year was a decrease of £336,917, compared to the budget increase of £75,804 and an increase the previous year of £129,920
- The retained profit (reserves) at the end of the year was a deficit of £149,600

Commentary

- 3.2 2018-19 was an extremely difficult year. It started with the Beast from the East over Easter weekend, which decimated the attendance and then the first ever abandoned flat fixture due to waterlogging occurred in April.
- 3.3 Exceptionally dry weather conditions followed throughout the year, which decimated field sizes and hit the racecourse's media rights income.

- 3.4 The racecourse abandoned an unprecedented five race meetings during the year including the prestigious 2-day Scottish Cheltenham Trials Weekend (due to frost) and the re-scheduled Scottish Cheltenham Trials Raceday (due to the outbreak of equine flu).
- 3.5 The racecourse succeeded in staging four extra race meetings, which generated an additional £117k in profit.
- 3.6 In addition, during 2018-19 the racecourse operated as an Associated Committee of the Council known as the Musselburgh Racing Associated Committee (MRAC) as an interim measure, which in itself encountered its own challenges with a knock on effect on the racecourse. This is pending the appointment of a 3rd party operator, which created uncertainty and a difficult trading environment.
- 3.7 Non-recurring, unbudgeted expenditure totalled £352k. More than £300k of this expenditure was legal advice obtained by ELC Officials from Pinsent Masons during the tender process to appoint a 3rd part operator. They also include legal and HR advice from Pinsents and Harper MacLeod. These costs were all subsequently allocated to the Racecourse, which put additional pressure on the operation of the Racecourse.
- 3.8 Despite the multitude of challenges the racecourse performed remarkably well, which is a huge credit to all of the staff. The MRAC are lucky to have such a loyal team of people who are so dedicated to the success of Musselburgh Racecourse.

4 POLICY IMPLICATIONS

- 4.1 None.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 This report is not applicable to the wellbeing of equalities groups and an Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – See above
- 6.2 Personnel - None
- 6.3 Other – None

7 BACKGROUND PAPERS

7.1 None

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