



26 February 2021

Dear Members,

Since our last letter to everyone there has been a mix of good and bad news nationally and globally as a result of the pandemic, reflected in what is also happening around the Society. We hope this letter provides current information of interest.

1. Showground hire

The continuing lockdown, combined with understandable uncertainty about when restrictions for different types of event will end, has been having a very adverse effect on our ability to secure firm bookings for hire of the Showground, which is the Society's primary source of income. All events that were scheduled for April and May have been either cancelled or potentially reset for later in the year. Bookings for the summer look reasonably good but most remain tentative as some Event Organisers are reluctant to commit at this stage, even after the Prime Minister's anticipated road map was announced.

We are fortunate that the Newbury RTS Centre (COVID testing site) is still on the Showground, and the Department of Health & Social Care is paying rent. The DHSC has confirmed it wishes the COVID testing site to remain at the Showground until the end of 2021 (with a possible break at the end of September), and their contract is being suitably amended. We received a nice email from the regional lead of the test and trace initiative that said in part *'Thanks very much for your support to the Test and Trace Programme. Pls do pass on our gratitude to the Board of Trustees.'*

Those Event Organisers with whom we are working are being very understanding about the intrusion of the testing centre, so we remain hopeful that Showground hire income will improve in coming months.

2. Finances

The Society's finances remain very tight as a result of the loss of the majority of our trading income in 2020. As explained above, the outlook for income generation in coming months remains unclear. In addition to the issues directly related to emerging from lockdowns, there is also considerable uncertainty about changing public tastes and perceptions of large scale events.

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On the positive side, the Society has taken advantage of the flexible furlough schemes and has received two small 'business interruption' grants from West Berkshire Council for which we are very grateful. The Society has also received a £50,000 government backed bounce back loan and a delay in repayment of the Society's existing bank indebtedness (Cattle Barn construction loan).

Every effort is being made to contain overhead expenditure but this is difficult whilst keeping the Showground functional and making essential repairs.

In recent months, the Trustees have been reviewing the financial performance of the Society over the past seven years, enabling us to look objectively at the weaknesses that, together with the direct impact of the pandemic, have meant that the Society's sustainability is now uncertain. Without going into too much detail, the following historical financial factors and trends are relevant.

- a. **Declining Revenues** - Declining attendance by paying visitors at the Show, gate receipts being the largest single source of Show revenues. This reflects changing public tastes and increased competition from other September events and venues in our region. Many other agricultural shows have been suffering similar pressures.
- b. **Increasing costs – the increasing cost** of compliance and organisation of large scale public events and associated 'Health & safety' is of course essential but onerous. Additional costs have been incurred year on year both in house and with contractors to help with day to day management and oversight of the key risks.
- c. **Profitability and Cash Generation** - the combination of these two principal factors above has resulted in the Show becoming less economically sustainable and eventually losing money in recent years.
- d. **A failure to build ancillary income from Showground hire.** To a large extent this can be attributed to the stringent and unhelpful constraints imposed by West Berkshire Council in its S.106 Agreement which restrict the 'open period' and the type of events that can be held on the Showground. This prevents the Showground from achieving its potential as the major event resource that it should be for Newbury, our district and beyond.
- e. **Historical Investment** - With hindsight, too great a proportion of the Society's resources were invested in the Cattle Barn (also known as the Society Building) in 2016. Its £1m+ cost was met mostly by the use of a significant proportion of the Society's then free cash reserves and a bank loan, with the balance funded by a donations campaign. Because of its design, the Cattle Barn is a suitable venue for very few Hirers of the Showground, including many of the anticipated users identified in the original Business Plan.

After a challenging 2019 Show, exacerbated by bad weather on the Sunday, the Society's finances were already weakened. The onset of the pandemic in March 2020, by when some unrecoverable commitments for the 2020 Show had already been made, provided a perfect storm, from which it will take years to recover, even if hirings of the Showground can generate substantial revenues.

In truth, this means that there is no prospect of a Royal County of Berkshire Show given the significant risk and cost of running such an event, at least in the foreseeable future. Our priority has to be to rebuild the charity's financial reserves as and when we can and manage all elements of risk appropriately in order to meet our charitable objectives that are clearly centred on education.

Finally, the annual audit process has already started but it will not be possible to finalise and sign off on the accounts for 2020 until the auditors are satisfied that the Society remains a going concern, in accordance with HMRC rules amended to reflect the effect of the pandemic on all types of businesses. This means that the AGM will not take place in March or April, as we had hoped. We will provide further advice in due course.

3. Membership fees

As previously advised, because of the continuing uncertainties about what the Society will be able to provide in terms of Members Events, annual Members are not being asked to pay membership fees this year.

4. Showground maintenance

We have been able to negotiate a flexible and helpful maintenance arrangement with Scofell Landscapes and our friendly grazier to keep the Showground tidy and prepared for events as and when they happen. This is essential as we now have a much reduced in house staff. It is good to have Scofell back on board and we are very grateful for their understanding of our situation.

The Showground water system has been a source of growing concern in recent years. Last year there was an undetected major leak which will cost the Society dearly when the next bills come in from Castle Water (for Thames Water). Our new professional water engineers have now replaced some essential supplies near the Office with additional safety features. We will be assessing coverage of other key parts of the Showground over coming months.

5. Fixed Assets Review Group

As previously advised on a number of occasions, Savills has been continuing with its evaluation of the property assets of the Society. Good interest has been generated by their work and Savills have received seventeen formal expressions of interest in developing all or part of the Showground. Savills have also received a couple of verbal approaches.

Eight of the providers of the best expressions of interest are being invited to put forward detailed financial proposals. The others are being thanked for their interest. Although current discussions are commercially sensitive and thus confidential, further details will be made available in due course.

West Berkshire Council announced a (Regulation 18) consultation at the end of 2020 as part of the West Berkshire Local Plan Review. The new Local Plan, when finally adopted, will inform the Council's strategic plans for the district for the next sixteen years. It is therefore essential that, like many landowners and property managers, the Society makes robust representations, looking at the long term potential uses of the Showground that will add value to the charity's balance sheet. Savills, and specialist consultants chosen by them, have prepared and submitted the Society's contribution to the consultation. The Trustees have been fully involved in the process throughout and more information will become available in due course.

6. **New website – <https://www.newburyshowground.co.uk>**

Rob Cao of Dynamiq has created a completely new website to replace the old ones. Some of the images will be replaced when the weather improves and relevant text will be updated as news becomes available, so it is work in progress. We hope you like it.

7. **The Home team, trusteeship and communications**

This is a frustrating time for Jan Murray, our Education Officer, as it is impossible to achieve our charitable education objectives with schools closed and access restricted. She is working behind the scenes with schools so that she can restart her programme in the Summer Term. Never has engaging with young people and their education been more important, and the Society wants to increase its activities in education and training for young people as circumstances permit.

Susan Layton, Pamela Rodrigues and Amber Wernham continue to be the backbone of the operation in the office, and the Trustees are all very grateful for their commitment and good humour despite all the problems.

As previously advised, Chris Turner left the Board at the end of 2020. The Board of Management (Trustees) now consists of Ali Brown (chairman), Adrian Scrope (vice chairman), Nellie Redmond, Fiona Mundy, Jon Drew, Steve Coventry and Rex Walters. One will stand down at the end of this year; one more in 2022. and two more will step down in 2023. Thus, we urgently need to attract some new blood to join the Board of Trustees. In particular, we need new Board members with professional legal, financial and business expertise who will be able to help guide the Society in meeting its charitable objectives with undoubted challenges, change and opportunities.

As for so many charities, post Brexit and post-pandemic, the future for the Society will be different to the past. Committing to be a volunteer trustee involves taking on a lot of responsibility. As a last resort, if new Trustees with those capabilities and commitment cannot be found through the Society's own contact networks, the Board will have to consider advertising. Assuming recruitment by interview and questionnaire is successful, new trustees could be co-opted to the Board and then confirmed at the next AGM. Please let us know if you would like to put yourself or any new names forward.

We would like to remind everyone that we have set up an email address so that interested parties can feed back their thoughts and ideas to the Society. Using email will ensure that all Board members hear about your responses, and not have to rely on one to one conversations and second hand information.

The address is: feedback@newburyshowground.co.uk

We hear increasingly that a small number of Members are expressing dissatisfaction with the way the Trustees are managing the affairs of the Society. As most Members will generally recognise, this criticism, which is never expressed openly to the Trustees or in writing, is a major concern and distraction, particularly when my fellow Trustees and I (all volunteers) and our staff are dealing with the seismic circumstances that the Society, and many other charitable organisations, are navigating.

In order to clarify the rules and mandates by which we operate, we will be circulating a further letter within the next two weeks dealing specifically with governance matters. Hopefully that will provide a basis for reasoned discussion in the future.

We hope this update is helpful. Spring is not far away and we all hope that everything will look rosier in a few weeks' time. Best wishes and stay safe.

Kind regards.

Ali Brown

Chairman, for and on behalf of the Trustees of the Newbury & District Agricultural Society.