

PREM 19/3783

NEW FILE COVER

MT

CONFIDENTIAL FILING

Transfer of Ministerial Responsibility for
Zoos and associated matters to the
Secretary of State for the Environment.

GOVERNMENT

MACHINERY

OCTOBER 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
31.7.84							
28.11.84							
4.12.84							
16.12.84							
30.1.91							
8.4.91							
10.4.91							
7.5.91							
4.7.91							
17.6.92							
2.7.92							
30.10.92							

PREM 19/3783



DEPARTMENT OF NATIONAL HERITAGE
Horse Guards Road, London SW1P 3AL
Telephone: 071-270 5925
Facsimile: 071-270 6026

From the Private Secretary

C92/6833

Field Marshal Sir John Chapple GCB CBE
President
The Zoological Society of London
Regent's Park
LONDON
NW1 4RY

30 October 1992

Dear Sir John,

LONDON ZOO

You and Mr David Blackburn came to see the Secretary of State on 29 October. Mr Wheeldon, Mr Sargent and I were also present.

You explained that, on 15 October, the Society's Council had completed its evaluation of proposals for the Zoo and that it had chosen to redevelop the Zoo with the assistance of Mr Blackburn. The plan would require some £17 million over 10 years. The donation from the Emir of Kuwait, extra revenue, reductions in expenditure of 30% and a restructuring of management, together with other funds would contribute to a position of break-even this year. The Zoo then required two years' breathing space to develop new sources of income.

You said that the Council planned to meet on 2 November to formalise Mr Blackburn's involvement. It would then be necessary to work out the plan in detail both for officials in the Department and for the public. Mr Blackburn would help with the Zoo's operating costs over the next two years and for a period of three years thereafter. But he wanted to know whether the Government supported the aims and objectives of the Zoo; whether it would express a wish that the Zoo should continue; and whether the Secretary of State would welcome private patronage. Mr Mellor had done so.

Mr Blackburn said that he saw the matter as a five year project but he had an arrangement for confidentiality so that there would be no publicity concerning his involvement without agreement in writing. And there were certain issues still to be settled. You added that Mr Blackburn's assistance should be announced in order to generate other offers of help. You would be grateful if the Secretary of State could make supporting statements both when Mr Blackburn's gift was announced and once the Government was satisfied that the plan was viable.

The Secretary of State said that he was most grateful for what had been achieved so far. He was delighted to welcome the plan in principle and looked forward to seeing the detailed plans in due course. He congratulated Mr Blackburn on his exceptional generosity. He was pleased to authorise the issue of a Departmental press notice to complement that which would be issued by the Society shortly. However, as was well recognised, no financial assistance was available from the Department. You said that you believed that the Government should assist the Zoo on account of its Darwin initiatives. You said you would be taking this up again with the Department of the Environment. Officials would look at the details of these statements.

Mr Blackburn asked whether the Secretary of State could inform the Prime Minister of his offer. I replied that, if it was helpful, I would write to you with a note of the main points of the meeting and copy my letter to the Prime Minister's office. You agreed. You went on to explain that the draft agreement between the Society and Mr Blackburn had now to be turned into a legal document. There would then be further discussions with the Department's officials. You said that the issue of a separate press notice by the Department would be better than the incorporation of the Secretary of State's views in a notice issued by the Society. The Secretary of State said that the issue of the two press notices should clearly be coordinated. He added that the Society had been extremely fortunate to benefit from your Presidency.

I am copying this to **Mark Adams**, Private Secretary to the Prime Minister.

Yours sincerely

N I HOLGATE
Private Secretary

FILE

VLS

A/F/Amir



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 July 1992

GIFT FROM AMIR OF KUWAIT TO LONDON ZOO

Thank you for your letter of 26 June.

I enclose a revised message to the Amir of Kuwait from the Prime Minister. I should be grateful if you would arrange for it to be delivered swiftly. A fax might be best.

J. S. WALL

C. N. R. Prentice, Esq.,
Foreign and Commonwealth Office.

Handwritten initials

**SUBJECT
MASTER
OPS
FILED ON:**



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T151/92

PG

CC FCO

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

2 July 1992

Your Highness,

I have learned of Your Highness' generous donation of £1 million to London Zoo, a gift from the children of Kuwait to the children of the United Kingdom. I know that the Zoo authorities are delighted by Your Highness' generosity and the interest you have taken in the Zoo.

Your gift is another example of the special relationship between our two countries which has grown stronger since the liberation of your country. I am poignantly reminded that many children in your country are still denied the joys of normal childhood because of the continued detention of their relatives and friends in Iraq. We shall continue to raise the plight of the detainees at every opportunity until they are all safely home.

*Yours Sincerely,
John Major*

His Highness Shaikh Jabir Al Ahmad Al Jabir Al Sabah, G.C.M.G.



L2616

Foreign &
Commonwealth
Office

London SW1A 2AH

26 June 1992

TEMPORARILY RETAINED

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT.

Dear Stephen,

Gift from Amir of Kuwait to London Zoo

During his call on the Foreign Secretary on 23 June, the Kuwaiti Foreign Minister, Shaikh Salim, informed him that the Amir wished to donate £1 million to London Zoo. A cheque for that amount was handed to the President of the Zoological Society, Sir John Chapple, by the Kuwaiti Ambassador on 24 June.

The Prime Minister might like to write to the Amir to thank him for this generous gift. I enclose a draft letter.

Yours ever,

Christopher Prentice.

(C N R Prentice)

Private Secretary

J S Wall Esq CMG LVO
10 Downing Street

SCANNED

Draft Letter from the Prime Minister

To: His Highness Shaikh Jabir al Ahmed al
Jabir al Sabah
Kuwait a/1/11

love

It was with great ^{love} pleasure that I learned of Your Highness' generous donation of £1 million to London Zoo, a gift from the children of Kuwait to the children of the United Kingdom. ~~The Zoo has given enjoyment to many thousands of children over the years.~~ I know that the Zoo authorities are delighted by Your Highness' generosity and the interest you have taken in the Zoo. as an important scientific and environmental centre

Your gift is another example of the special relationship between our two countries which has grown stronger since the liberation of your country. ~~As the children of this country continue to enjoy the delights of the Zoo,~~ I am poignantly reminded that many children in your country are ^{still} denied the joys of normal childhood because of the continued detention of their relatives and friends in Iraq. We ~~shall~~ ^{shall} continue to raise the plight of the detainees at every opportunity until they are all safely home.



DEPARTMENT OF NATIONAL HERITAGE
Horse Guards Road, London SW1P 3AL
Telephone 071-270 5791
Facsimile 071-270 6026

From the Under Secretary of State
ROBERT KEY MP

David Maclean Esq MP
Minister for the Environment
Department of the Environment
2 Marsham Street
SW1P 3EB

June 1992

Dear David,

stop end.

Thank you for your letter of 15 June to David Mellor about London Zoo.

Events have moved fast and we have kept your officials closely in touch with what we are doing including our statements to the press. We agree that one voice is better than two, and I have been that voice. If asked I am saying that DNH is acting as the focal point for enquiries to Government on London Zoo, as we lease the Regent's Park site to the Zoological Society of London. Listed buildings and tourism also have some relevance, but are not significant reasons for my Department's interest in London Zoo.

The Government's position has been clear for the last year, and that line is being maintained. The Government provided £10 million in 1988 on the understanding that this ended financial commitment. No further action can be taken. It is also worth mentioning that the decision to close this autumn is hardly new as it was announced in July last year. There was a temporary change of course when the Society optimistically stated in March that they would stay open after all, but they have had to go back on that.

✓ I am copying this letter to the recipients of yours.

Yours ever 

ROBERT KEY

Govt MACH Transfer or
Min Respo ~~...~~

for 2003

Oct 79



Minister for the Environment
and Countryside

DAVID MACLEAN MP

15 June 1992

Dear Sir,

LONDON ZOO

I understand from our officials that there are further financial problems at London Zoo, and that new economy measures may be announced following a meeting of its Council tomorrow, Tuesday, 16 June. We need to be in a position to respond urgently on behalf of Government.

Both our Departments have an interest. The only specific responsibility for the London Zoo - based on the role of Government as landlord of Regents Park and as guardian of the listed buildings - was passed to you on the creation of your Department. There is also a tourism angle which is primarily for your Department. DOE retains a general responsibility for the welfare of animals and safety of the public at all British zoos. But the Government's general approach continues to be that zoos should be self-financing. Other Departments also have an interest; the Department of Education and Science and the Department of Employment amongst them.

In the past this subject has attracted considerable public and media interest, especially when closure or retrenchment at Regents Park have been mentioned. This seems likely to be the case again. I am concerned not to allow the new boundary between our Departments to give any opportunity for ZSL to re-open the question of further Government funding for the zoo. There is also a risk that the Government's robust but fair stance on the Zoo could be misrepresented as two Departments "passing the buck".

By far the best safeguard against this is that there should be a single Government voice. I hope we can agree that your Department, in view of the historical relationship with London Zoo which you have inherited, should act as the Government spokesman on all issues related to the future of London Zoo. My Department stands ready to provide detailed briefing, and I am sure my colleagues will be ready to assist likewise.

Your officials have already prepared a draft general statement / summarising the government's views towards ZSL. I enclose a slightly expanded version of this, together with a more detailed statement of DOE's interests in zoos as a whole. My officials would be pleased to discuss the drafting further with yours if required.

Department of the Environment
2 Marsham Street
London SW1P 3EB

Telephone 071-276 3440

abpm

ccpb



I am copying this letter to John Wakeham, John Patten, Gillian Shephard, to No.10 and to Sir Robin Butler.

*Yours
D.M.*

The Rt Hon David Mellor QC MP



RESPONSIBILITY FOR LONDON ZOO

MAIN STATEMENT

"The Department of National Heritage is acting as the Government's spokesman on London Zoo. DNH leases the site in Regents Park to the ZSL and therefore has a landlord's interest, which includes an interest in the listed buildings there. DNH also has responsibility for Government policy towards tourism, to which zoos contribute. The Department of the Environment has responsibilities for overall policy towards British zoos, including the welfare of animals kept there and the safety of the visiting public. These welfare and safety objectives are achieved through a licensing system operated by local authorities - which in the case of Regents Park Zoo is the City of Westminster. Scientific work undertaken at the Institute of Zoology based at London Zoo is already supported by an annual Government grant via the Universities Funding Council".

DOE POSITION

"Most zoos in this country - including London Zoo - are run successfully on a commercial basis by private individuals, companies and trusts. The Government's broad policy is that zoos should be self-financing. DOE's main role is to ensure that good standards of care and safety are exercised at all British zoos in accordance with the Zoo Licensing Act 1981.

DOE also has an interest in the contribution which British zoos can make towards the education of the public about wildlife and the ex-situ conservation of endangered species, particularly in the light of the Biodiversity Convention which the United Kingdom signed at the Earth Summit earlier in June. It is clear that zoos can enhance their public appeal through the work they do towards achieving these objectives and there is no need for substantial Government subsidies.





h
A. 250

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

11 July 1991

LONDON ZOO

The Prime Minister was grateful for your Secretary of State's minute of 8 July, reporting on developments.

The Prime Minister was pleased to note the progress being made and is sure that the line which your Secretary of State and the Minister of State have been so consistently pursuing is proving its effectiveness.

We have not yet received a request for a meeting from Lord Peyton, and perhaps now that he has resigned no such request will be forthcoming.

WILLIAM CHAPMAN

Richard Shaw, Esq.,
Department of the Environment.

h

Prime Minister^①

today

The Zoo's announcement that it will not close until next year, thus allowing DoE's firm line



an orderly withdrawal, shows that is paying off. [The Zoo originally threatened

PRIME MINISTER

to close this year, with slaughter of animals.) Content for me to minute out, expressing satisfaction at progress?

LR 9/7

I met John Peyton last week at his request to discuss the Zoological Society of London's (ZSL) difficult financial position. I maintained the line of not offering any Government money and suggested that they run down their operations in Regent's Park as quickly and efficiently as possible in much the same way as an administrative receiver would. He said he would seek an early opportunity to explain the situation to you, and he has repeated that in the attached letter.

YED

[Withdrawal from Lord Peyton yet.]

He has already met me, has had a number of meetings with David Trippier, and has been to see Sir Robin Butler, all with the sole aim of obtaining more Government money. In a couple of month's time John will no longer be Treasurer of ZSL. His successor has already been chosen, Peter Holwell, Principal of London University, and I am trying to ensure that he is involved in all future discussions. The only case for you to see John is out of Party loyalty or in deference to his status as a Privy Councillor. John is now at the end of his journey. He has made a dramatic contribution to the Zoo but he is increasingly divided from the mainstream management.

The current position is set out in the letter, also attached, which David Trippier has written to John. The Council of the Society are to meet on 9 July. We cannot absolutely rule out the possibility that they will decide on closure at the end of the current season - though our judgement is that they will not. They will, in September, still have some £4.8m of the endowment we gave them, and with their other funds and assets, we believe that is sufficient to fund an orderly withdrawal from Regent's Park without precipitate closure and still allow Whipsnade a good future. It is also sufficient to provide them with a breathing space while they consider their future, and perhaps throw in their lot with one of various private sector interests whom they have referred to with me and in the media. I believe that with John's departure from the scene a new sense of realism will encourage the remaining management to



square up to the realistic options. They won't do this while they keep coming back to us for support. Our approach may be different once a new management and a new approach have emerged. But that is not yet.

A handwritten signature in blue ink, appearing to be "MH".

MH

8 July 1991



Minister for the Environment
and Countryside

DAVID A TRIPPIER RD JP MP *Mr Bradley*

cc
Mr McNeill
Mr Burn
Mr Douglas
Mr Sadding
PS/DT

Department of the Environment
2 Marsham Street
London SW1P 3EB

Telephone 071-276 3440

4 JUL 1991

David Jones

Thank you for coming to the meeting yesterday with Peter Holwell and David Jones. I thought we had a helpful exchange of views. I promised to write to you summarising the points I made. Michael has also asked me to respond to your letter to him of 26 June.

In my letter of 24 June I said that I could not accept that ZSL would be unable to manage a withdrawal from Regent's Park from within its own resources. I therefore asked my officials to clarify the financial position with yours and this they have now done. They identified a number of assets held by ZSL which could assist in one way or another with paying the bills ZSL is likely to have to meet in the course of withdrawal over the next 2 to 3 years, and in convincing your advisers that precipitate closure is not required. These include the appeal fund, the scientific fund, the Library, the freehold at Whipsnade and various smaller assets such as pictures, vehicles and the animals themselves. Together with £4.8 million estimated bank balance on 30 September this year, this totalled something in the order of £10 million. I appreciate that some parts of this sum are only available for certain purposes and others would be difficult or undesirable to realise, but they can all help with the withdrawal from Regent's Park in some way.

For that meeting David Jones kindly supplied a paper showing what costs ZSL/ZOL expect to bear over the next three years. These costs totalled nearly £11 million. However some of those items do not need to be borne by the Society in that period. I can confirm that the Department will assume responsibility for the £1.4 million attributed to repairing the listed buildings at Regent's Park and mothballing the site if the Society has to withdraw. As for the rest, I suggest that it may be possible to phase the capital expenditure at Whipsnade, and repairs to the Main Building and the Institute Building. These costs total £3.6 million. A further point is that repairs to the Institute could come from either the Department of Education and Science, or the Society's Scientific Fund. I have to suggest also that several other costs in the calculations are still uncertain, such as the London Zoo projected operating deficit of £1 million in 1993/4 and some of the items in the figure of £1.25m for closure costs.



This analysis supports my view that it would be hard to justify closure this autumn. This is for the Society to decide, of course, on the advice of its auditors and lawyers.

I recognise that some hard decisions will be needed along the way but that is an inevitable consequence of the financial position ZSL is now in. I may add that as the learned Society has had the benefit of the interest on the 1988 endowment which was intended to help the Zoos, I would expect the Society to draw on its general reserves to assist the Zoos in their present crisis.

I summarise the Government's position as follows:

- A we expect ZSL to realise as many of its assets as are necessary to finance withdrawal from Regent's Park in a structured and orderly manner. As I indicated at our meeting, I welcomed the steps you were taking already.
- B I am pleased to say that we will not enforce repairing covenants in the lease, in respect of all those buildings from which ZSL withdraws, including the listed buildings; (This is worth about £1.4m).
- C we are prepared to consider granting a new rent-free lease to ZSL for a new venture in Regent's Park (and/or for ZSL's office and research purposes) provided satisfactory evidence is produced that the project is viable both in terms of capital funding commitments and of operating at a profit.
- D we will wish to be satisfied in respect of any buildings for which ZSL would like a new lease that ZSL have the wherewithal to meet normal repairing obligations;
- E we assume that if the Zoo closes down completely the cost of demolition or mothballing or converting Zoo buildings will fall to the Department.

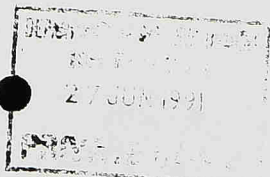
I would be grateful if you would advise the Council meeting on 9 July of these points.

/ / Copies of this letter go to Peter Holwell and David Jones.

Yours sincerely







THE ZOOLOGICAL SOCIETY OF LONDON

26th June 1991

New Michael

Regent's Park
London NW1 4RY
Telephone: 071-722 3333
Telex: 265247 Lonzoo G
Fax Number: 071-483 4436

I would like first to thank you for seeing David Jones and myself this morning. I appreciated greatly the care and attention with which you listened to what I had to say. It might, I think, be helpful if I were to recapitulate very briefly the points which I then sought to make.

The Zoological Society of London, founded in 1826, is devoted to furthering understanding of, and respect for, animals.

It runs London Zoo and Whipsnade Wild Animal Park and is a recognised international centre of excellence invertebrates, conservation, research and veterinary programmes around the world.

I reminded you of the change of strategy which at the end of 1989, when you were, yourself, involved here and the Government grant was still intact, the Board and the Council had adopted. We have for some time now accepted that we have no alternative but to move out of Regent's Park and rehouse as many of the animals as possible at Whipsnade. That would cost money: our diminished resources are, however, already earmarked to safeguard the interests of our staff, to avoid, if we can, Whipsnade being sucked down as well and to preserve the Society's activities in the field of conservation both at home and overseas. If the Government cannot or will not help us to move out, then it will be difficult, if not impossible, for outsiders to move into Regent's Park, even if they bring money with them. The Society would in effect be locked into Regent's Park and would sooner or later drift into bankruptcy. The knowledge and skills needed to handle the collection of 8,000 creatures and 10,000 insects would no longer be available. Recent talks have produced thoughts, ideas and plans, but there seems no end to the process; the winning post seems always to be moving away from us.

As I told you, the legal advice which I have is to the effect that with our available resources committed, the only proper and safe course for us now is to cease trading at the end of September.

Having reflected since upon what passed between us at the meeting and, particularly, upon some of the things which you, yourself, said, I have the following additional points to make.

/.....2



recycled paper

- 1) I take note of your admission that "the logic of the Government's position is that the appointment of a Receiver must be on the Society's agenda". Our earlier advice has been to the effect that the appointment of a Receiver is merely a preparatory stage to liquidation and not something separate from it, as you appeared to suggest.
- 2) While it is difficult to argue against the need for precise and costed options, the cost of obtaining them would be great and their value, in what would be an unprecedented operation, questionable.
- 3) To deny the Society assistance, on the grounds that it is in the Private Sector, seems odd. It is a Charity, which is intended not to make profits but to serve very different ends.
- 4) You gave it as your opinion that the Society in its present form could not handle the situation: it is in your view a legacy from the nineteenth century and lacks the taut commercial management which is now required. There are, in my view many organisations, in our country whose managements are open to criticism; few which are not. You take, as I said, little account of the notable improvements which have been brought about here over the last three years.

There remain two questions: first, who, in the event of the Society being obliged to cease trading, would handle the large and diverse collections both at London and Whipsnade? Secondly, what difference, if any, have the views of the Select Committee made to your thinking?

It has been my aim during my seven years as the Society's Treasurer to play some part in preserving an important and valuable British institution; you were kind enough to acknowledge this morning the contribution which I have been able to make to that end. I think that in the position we have now reached, I should seek an early opportunity to explain the present situation to the Prime Minister and the consequences, as I see them.

I am, of course, copying this letter to David Trippier.

Chris Low
John

The Rt. Hon. Michael Heseltine, M.P.





copy



2 MARSHAM STREET
LONDON SW1P 3EB
071-276 3000

My ref:
Your ref:

The Rt Hon John Wakeham MP
Department of Energy
1 Palace Street
LONDON
SW1E 5HE

W. S. Jones

3 May 1991

In the actual

I wrote to you on 30 January to let you and other colleagues know about events affecting the Zoological Society of London. I have kept others informed subsequently, and David Trippier wrote to all MPs, including Ministerial colleagues, on 12 April, to put the Government position on record. I believe that David has been getting our story across very satisfactorily, and I personally welcome the debate that has followed.

When I wrote on 30 January, I let you and other colleagues most concerned know that because of my former involvement with the Zoo I was asking David Trippier to handle any requests that they make to us for further assistance. He will continue to do that. However, I have taken further advice about my personal position and am now satisfied, in terms of law and propriety, that I need not (if it seems desirable) formally rule out my becoming personally involved.

I am sending copies of this letter to those who had my letter of 30 January.

Michael Hezeltine

~MICHAEL HESELTINE



recycled paper

Gov't Mach: 2005

Oct 79

→ CF.

W0795

MR TURNBULL

10 April 1991

LONDON ZOO

There are arguments for and against sustaining a Zoo in London. However, there is concern about the close confinement of large animals. Modern practice is increasingly to the 'safari' type of environment.

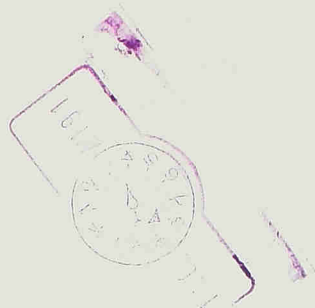
2. My concern is with the S&T base associated with the London Zoo. Some good work is done there, through the Institute of Zoology and is funded, in part, by the research councils.

3. I remain to be convinced, however, that its basic science work is a sufficient reason why the London Zoo should be sustained. It may be that some of the scientific work could be carried out within a university department. University College London, with which the Zoo has close contacts, is one possibility.

PP

PROFESSOR WILLIAM D P STEWART
Chief Scientific Adviser







ce/su
Prime Minister ② To note.

Thank you.
 4.

PRIME MINISTER

CLOSURE OF LONDON ZOO

I have written twice to John Wakeham putting him and our colleagues on warning about the financial difficulties in which the Zoological Society of London have again found themselves, and the adverse publicity they may attract when they become public - as is now the case.

We have not received a call from Lord Peyton as yet to request a meeting with you. Much better that he should see Mr Heseltine and not try to leap-frog him, at least in the first instance (In the end, ^{perhaps} ~~perhaps~~ ^{presence} ~~presence~~ ^{may mean a meeting with you is necessary}.)
 W.F.
 8/4

I copied those letters to you, and my private secretary has provided yours with some background. I am now writing to warn you that John Peyton, the Treasurer of ZSL may seek a meeting with you about this. ZSL have decided in principle to close, and he is trying to extract a contribution from us to the costs of this, and is saying that animals will need to be killed if no more money from Government is on offer.

John may genuinely believe that he can wring further Government money from you in a way he has not been able from us. We have been holding firm to the line, the right one in my view, that the endowment of £10 million in 1988 ended the Government's financial commitment to the Zoos. We think it is now for ZSL to deal with the consequences of failure.

You may remember that you made clear to John in 1988 that the payment you were authorising was a once for all package. I am enclosing a copy of the letter you sent as Chief Secretary to Nick Ridley at that time. We are sticking firmly to that line.

ZSL still have over £5 million of their endowment. They should be making proper plans for an orderly withdrawal, perhaps appealing for private and corporate help with shipping and rehousing their collection. Instead they are lobbying us for more money, and using the threat of publicity to force our hand.

On the other hand, John may realise that the game is up. He indicated to David Trippier that he felt obliged to take it as high



as he could before resigning. The crucial thing for us is that he should not get the opportunity to steal a march on us by parading ZSL's failure as the Government's fault. If he does see you I would be grateful if you would discourage him from acting hastily. We have agreed with him to hold further meetings to discuss the implications of closure of the Regent's Park Zoo (at which we will try to press a more constructive attitude on ZSL).

I myself will not be surprised if later we are presented with other options* not presently before us. Naturally I will report such developments to you should they arise.

* These could well include selling off the Zoo or its animals, while the Zoo ^{truly} maintains its research functions.

In the light of the weekend's publicity we are continuing to affirm Government policy, and David Trippier wrote to John Peyton this morning. It is interesting to see how the debate is now beginning to widen. I shall of course keep colleagues informed of developments as necessary.

I am copying this to John Wakeham, John MacGregor, Chris Patten, Kenneth Clarke, Michael Howard, David Mellor and John Gummer.

Richard Shaw

MH

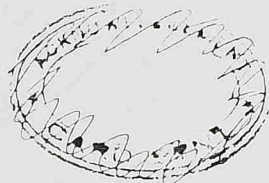
8 April 1991

*Approved by the Secretary of State
and signed in his absence*

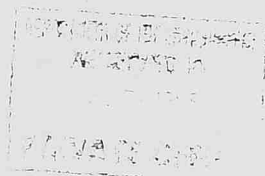


Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1P 3EB



15th April 1988



Near Secretary of State,

ZOOLOGICAL SOCIETY OF LONDON

Thank you for your recent letter about the Zoo.

I agree with your general strategy for bringing to an end Government subsidy of the Zoo. When John Peyton called on me on Wednesday, I made it quite clear that, if the Government assisted, this would be a "last chance" package, and undertook to let you have an early response.

I am attracted by your idea of making a quick, clean break, through a one-off payment which leaves the Zoo's revamped commercial management on their own with every incentive to achieve viability as soon as possible, in the knowledge that no further Government support will be forthcoming.

I understand your suggested figure of £11 million for this endowment payment is based on the consultants' worst case assessment of annual requirements for revenue and capital support. After discounting to present values, this reduces to about £10½ million. While I can see the dangers of seeking to constrain the new management too tightly, there should be scope for doing rather better than this; indeed I gather the consultants' most likely estimate of support required amount to only £8.7 million before discounting. Clearly the figuring requires detailed further discussion between our officials, the consultants and the Zoo's new management. But I suggest the aim should be to negotiate an overall figure for support close to the consultants' most likely estimate - ie in the area of £8½ million - £9 million. Within this amount would be about £2 million of revenue support this year which is included in the consultants' estimates and which I understand you are able to find from your existing provision.



recycled paper

I see advantage in bringing to an end the Government's involvement as quickly as possible, and therefore in making the one-off payment later this year. In order to avoid an unwelcome claim on the Reserve, I very much hope you will be able to find offsetting savings from within your programmes (perhaps from the New Towns programme, which has underspent in recent years). I recognise however that at this early stage in the year you cannot be certain that savings will emerge. If you are prepared to regard this as a first call on any in-year savings, and to undertake to scrutinise your programmes rigorously for such savings, I for my part would in the last resort be prepared to entertain a claim on the Reserve, if sufficient savings cannot be found. This is of course on the understanding that in the current Public Expenditure Survey you show reduced requirements of £1.0 million in 1989-90, and £1.1 million in 1990-91 and 1991-92 - ie your 1989 Survey baseline provision for support to the Zoo, less the £1.3 million needed for transfer to DES to provide continued support for the work of the Institute of Zoology.

Subject to Kenneth Baker's views, I am content with your proposal for future funding of the Institute of Zoology, which is the subject of your separate letter of 13 April to Kenneth.

I hope this gives you a sufficient basis on which to go back to John Peyton. I suggest our officials should now discuss further the amount required for the one-off endowment, in the light of the consultants' assessment and the work that now needs to be undertaken by the Zoo's new management to draw up forward business plans by the Autumn. My officials will also need to consider with yours the terms and timing of any public announcement about Government support for the Zoo.

Finally, I understand that it is intended to renegotiate the terms of ZSL's lease on the Regents Park site at some time in the near future and that under the present lease the Zoo pays a peppercorn rent. I would like our officials to examine the scope for our obtaining a return on our investment through renegotiation of the lease on terms which provide for ZSL to pay a more commercial rent once they are viable again.

I am copying this letter to Kenneth Baker.

Yours sincerely,



JOHN MAJOR

(Approved by the Chief Secretary
and signed in his absence)



10 DOWNING STREET

Note:

PM involved in
fiscal strategy in
'88.

Didn't comment
on MTH's letter
of Jan.

CF

M. BSU afternoon of

18/3.

WOL



2 MARSHAM STREET
LONDON SW1P 3EB
071-276 3000

My ref:

Your ref:

William Chapman Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

14 March 1991

Dear William

You asked me to write setting out more fully what lay behind my Secretary of State's letter of 12 March to the Secretary of State for Energy. The Zoological Society of London (ZSL) did not take any decision on Tuesday to close, or to make any public announcement, so the situation is less pressing, but I hope the following background will be helpful.

In 1988, the then Secretary of State for the Environment and Chief Secretary agreed a £10 million endowment for the Zoo. It was part of that agreement that a once for all payment would end the dependency on revenue support from Government which had grown since 1983. The Government made it quite clear to Parliament that its financial commitment to the Zoo was at an end. At the same time an annual grant for the Institute of Zoology was set up through the UGC.

At first the prospects were good. ZSL set up an operating subsidiary (ZOL) and prepared a development strategy, and a development trust to raise private donations. ZOL have made many improvements in brightening up the site, presenting the collection to the public, and the conditions in which the animals are kept. However, despite this paying admissions and associated sales are well below what is needed to break even, operating costs have grown substantially, major developments proposed for the site had to be abandoned in the face of local opposition, and the development trust has raised very little.

Losses in 1989-90 were over £2 million, after drawing on the endowment. Rather less than £6 million of the endowment is left. The backlog of repairs due on the site to keep it functional is estimated by our surveyors at over £9 million. ZSL are aware they cannot carry on in this way. They have set up a core group under the Chairmanship of Sir Alfred Shepperd to develop a new strategy.

Lord Peyton, the ZOL Treasurer, has also sought a waiver of ZSL's repairing obligations under its lease and further financial assistance. In our assessment, there is no future for the Zoo in its present form. On the advice of Counsel we are avoiding any action which could draw us into the affairs of ZSL and create consequent liabilities for Government if the Zoo closes. The future of the Zoos is a matter for ZSL.

We have told them we are ready to discuss any proposals they have for withdrawing from part or the whole of the site, but that any new lease would have to include the usual repairing obligations.

Obviously we are making every effort to ensure that if ZSL decide to withdraw from the site there are constructive plans agreed for an orderly withdrawal before anyone makes a public statement. My Secretary of State's letter was intended to cover the contingency that ZSL might decide instead to make a pitch direct to the media.

Yours

Kate

KATE BUSH
Private Secretary



CF - I have a
2 w/ite !!

2 MARSHAM STREET
LONDON SW1P 3EB
071-276 3000

|| Can you pl BU
this paper on 15/3.

My ref
Your ref

WBE
12/3.

The Rt Hon John Wakeham MP
Department of Energy
1 Palace Street
LONDON
SW1E 5HE

12 March 1991

REGENT'S PARK ZOO

I wrote to you on 30 January to warn you and other colleagues that the Zoological Society of London (ZSL) were in financial difficulties.

I understand that the Council of ZSL may decide today to close the zoo in Regent's Park, and could break the news straight away.

Enclosed is a note on the line which we shall take if that happens.

I am copying this letter to No.10, and to John MacGregor, David Mellor, Kenneth Clarke, John Gummer and Michael Howard.

MICHAEL HESELTINE

NOTE: Kate
Bush says to
say that ~~closure~~
the ZSL have
decided not to
close the Zoo.
She will send
me details of
costs, options etc.
WBE 12/3

FUTURE OF LONDON ZOO - GOVERNMENT'S PUBLIC STANCE IF ZSL ANNOUNCE
CLOSURE

In November 1988 we paid £10 million to give the Zoo a new future based on a strategy developed by ZOL and approved by us.

We made it clear the Government's financial commitment to the Zoo was ended: it was up to the new management to harness the public's enthusiasm and secure a successful future.

Despite many improvements, the development strategy has not worked out. The number of visitors is far too few to break even and the Zoos are losing a lot of money.

Sadly it appears inevitable the Regent's Park site must close. We welcome the responsible attitude ZSL have adopted in the face of their financial difficulties [wish them well at Whipsnade].

There can be no question of a further subsidy from Government. The future of London Zoo and Whipsnade is for ZSL to decide.

Points for use if ZSL try to blame Government

Major building works and a 'son et lumiere' were dropped in the face of the opposition of local residents - not DOE's fault

The ten acres remain on the table, but they cannot now realistically finance this expansion.

The sums just don't add up: operating costs are high and growing, and growth in admissions has been poor.

Public attitudes towards zoos have changed and zoos are responding to this. One result is there are now a number of successful zoos and safari parks outside our cities.

The grant (about £1.3 million pa) paid by the UGC to the Institute of Zoology is not affected by this decision.



The Rt Hon John Wakeham MP
Department of Energy
1 Palace Street
LONDON
SW1E 5HE

00
Prime Minister²

ccm
2 MARSHAM STREET
LONDON SW1P 3EB
071-276 3000

My ref:

Your ref:

30 January 1991

DL

I am writing to keep you and other colleagues who may be concerned up to date with the way events are moving in relation to the Zoological Society of London (ZSL). No collective decisions are needed, or even possible, here and now. But the prospects are murky, and we may have to take a position at short notice.

John Peyton, as Treasurer of ZSL, has written formally to the Privy Council Office to put them on warning that the Society may face insolvency. Some aspects of the present position at the Zoo have already reached the papers. The Times has published both gloomy and upbeat stories since Christmas. As a pressure on the Government, there may be more of that. John Peyton has approached me privately seeking our help, and in particular asking whether we would waive the requirements on the Society to maintain their premises at Regent's Park under their lease.

I have told them I did not believe the Government would wish to provide any further support for the London Zoos. When Nicholas Ridley and John Major agreed a £10 million endowment for the Zoo in 1988, the Government made clear that its financial commitment to the Zoos was at an end. I have authorised officials to make it clear to John and his colleagues that the Government has given no assurances about waiving the repairing obligation under their lease.

However, ZSL have established a new "core group" under the chairmanship of Sir Alfred Shepperd who are to take forward the work on a new strategy while the issues about their short-term trading position are under discussion

I should also mention that I was myself closely involved with ZSL when I joined the Council of the Society, following my leaving Government in 1986, and then as a Director of ZOL. I have therefore asked David Trippier to handle any requests they make to us for further assistance.

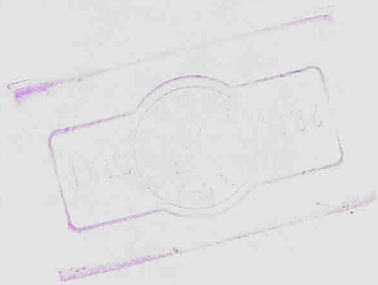
I am sending copies of this letter to John Major, John MacGregor, David Mellor, Kenneth Clarke, John Gummer and Michael Howard.

Michael Hezeltine

MICHAEL HESELTINE



recycled paper





alopm
sub
11/12

Treasury Chambers, Parliament Street, SW1P 3AG

Hon William Waldegrave MP
Parliamentary Under Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

10 December 1984

LONDON ZOO

Dear Minister

Thank you for your letter of 28 November about the finances of the Zoological Society of London.

My officials have shown me the Zoo's business plan and I must say that I cannot enthuse about it. The measures the ZSL propose to take are a step forward and are certainly to be commended, but there will still be a substantial deficit by 1990. A sustained effort is needed to cut costs and to maximise income. As the NO. 10 Policy Unit have suggested, that must be accompanied by a strategy for increasing the number of visitors and the amount of revenue.

Any business plan, however sensibly thought out, will be of little value if it is not pursued vigorously by a management determined to make it work and to better the tight financial targets which the plan should contain. The signs so far are not encouraging, and I hope that you will press the Zoo hard to introduce, urgently, fresh blood on to its management committee. I note that you have reservations about the quality of the marketing expertise available to the committee and I think you should insist that one or two dynamic marketing experts be appointed.

Although, like you, I have reservations about the Zoo's plan, I accept that you have little option but to announce the three year package of support set out in your letter, provided the expenditure will be found from your agreed PES baseline as you suggest. This should give the management sufficient time to turn the ZSL into an efficient and cost-conscious organisation. While recognising John Peyton's anxieties, the question of funding beyond 1987 must depend

MANAGEMENT IN CONFIDENCE

entirely on the evidence of improvements achieved by the Zoo by that date against an improved business plan and strategy. It would be helpful to have a report on progress, which you will no doubt be monitoring closely, before the 1985 PES round is completed.

We have a number of detailed comments on the Zoo's latest business plan, and I have asked my officials to discuss these with yours.

I am copying this to the Prime Minister, the Lord President, the Secretary of State for Education and Science, the Secretary of State for Scotland, the Secretary of State for Wales, the Lord Privy Seal, the Secretary of State for Trade and Industry and the Chief Whip and Sir Robert Armstrong.

Yours sincerely

P. Rees
for PETER REES

[Approved by the Chief Secretary]



12-24
AT DEPT

W
S
C
?



10 DOWNING STREET

Mrs Barbara Jones
Private Secretary to
William Waldegrave Esq MP
Parliamentary Under Secretary
of State
Department of Environment
2 Marsham Street
London SW1P 3EB

4 December 1984

AT *Davis*
4/12
Info only: we are
ganging up with Tony.
to get some decent
planning in this area.
OL
4.12.84

Dear Barbara,

LONDON ZOO

Following our recent telephone conversation, I had a meeting today with various DoE officials and also the Chief Executive and Finance Officer of the London Zoo; I was accompanied by Mr Hobson, a colleague from the Policy Unit, who is a former senior partner of Coopers Lybrand. We discussed the Business Plan produced by the Zoo.

We were somewhat disappointed by the Plan. The 'financial package' which forms its core, contains some surprising manoeuvres: for example, the Society intends to accumulate some £500,000 in cash in the year ending March 1985 as a provision towards capital spending in Whipsnade Zoo and classes this as part of the operating deficit which necessitates state revenue support. (The fact that this £500,000 is matched by a one-off consultancy fee is irrelevant: the point is that the Government's revenue support would not have to be so great if this sum were not being laid aside in cash for capital spending).

We are sceptical about several other aspects of the 'financial package'. But it would be otiose to deal with

these in detail. The important consideration is that the strategy revealed by the Plan is - in our opinion - deeply flawed. The Zoo claims that the £10 million which they intend to spend on capital projects over the next few years is needed to attract more visitors at higher prices. But there is no sign either that this strategy will succeed or even that the Zoo expects it to succeed. The Plan predicts that the number of visitors will remain constant until 1987 and will increase by only one sixth between then and 1990. Meanwhile, costs will rise only slightly less than the expected rate of inflation. And the operating deficit will decrease by only 25% between 1985 and 1989, rising slightly in 1990. It should be stressed that these rather dismal figures constitute the Plan of the business. Given the Zoo's record in the past and our impression of the Chief Executive, we have no confidence that they will in the event fulfil even these modest expectations.

We were also disappointed to note that, although nearly 10% of the Zoo's direct income will be spent on 'marketing', there is no sign that serious attention is being given either to the problem of transport and the provision of adequate car parking or to the installation of new attractions which might draw larger crowds. Indeed, we had the impression that the management were resigned to seeing the Zoo continuing to make losses while it accumulated its £10 million of new assets. The Chief Executive stated that, in his opinion, the problem was that the Zoo had not received state funding many years ago!

We accept, of course, that the Government cannot now avoid a rescue operation. But, in the light of the considerations listed above, we think it likely that the situation will not get better over the next three years; and one cannot by any means discount the possibility that it may get worse. We conclude that, if the Zoo proceeds on its present plans with

its present personnel, Ministers will at best be in the same position in 1987 as they are now.

We therefore strongly suggest that two further conditions should be laid down before any cheques are signed:

1. The Zoo should appoint dynamic financial and marketing experts to serve on its management committee; these experts should be appointed within the next three months and should be approved by Ministers.
2. Within one year, the Zoo should produce a new - truly workmanlike - strategy for increasing the number of visitors and the revenue derived from them; this strategy should be subject to DoE approval, and should be updated each year.

In addition, we suggest that it should be made quite clear that the 1987 review will make further funding conditional on the production of an effective annual strategic plan from 1985, and on signs that real progress has been made towards fulfilling the agreed strategy.

One further point has struck us throughout our discussions: may it not be necessary to induce those responsible for the Royal Parks and for planning permission in Whipsnade to allow slightly more adventurous use of the sites?

I am copying this letter to Richard Broadbent in the Chief Secretary's office.

Yours ever,

Oliver Letwin

OLIVER LETWIN



CASSO

DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

28 November 1984

nb/pm
29/11

Dear Peter,

Patrick Jenkin announced in July our agreement in principle to the provision of both short and long term support to the Zoological Society of London. In his absence, I am writing to tell you of the latest developments.

We had originally hoped to be able to make more detailed announcements about the level and form of support in September. It took the Society much longer than either we or they expected to draw up their business plan. John Peyton eventually handed it to me on 29 October, and your officials have had copies. I consider that the business plan is a solid piece of work which demonstrates that the Society's new management is at last getting a proper grip on financial management and that this provides a sound basis for decision-taking.

The term "business plan" is slightly misleading because the ZSL is not a business in the conventional sense. It is a learned society of international repute which makes a major contribution to conservation and animal research. A commercial zoo which found itself in financial difficulties would simply have to make economies or close. But commercial zoos do not spend significant proportions of their revenue on research at the Institute of Zoology. And they do not have collections whose primary purpose is scientific. The danger now is that if we insist that ZSL cuts back too far, we erode the very activities that justify public investment and merely retain a menagerie.

That said, there are a number of things that ZSL can and should do and I was particularly pleased to see the following, very positive proposals in their business plan:

- they undertake to make significant cost reductions in the operational costs of Whipsnade and Regents Park by reductions in staff, biomass and rationalised exhibits
- there is a sensible step-by-step programme of replacing unattractive and high-maintenance-cost enclosures with modern presentations
- there is already some evidence of the society's awareness of better marketing with a sensible pricing structure, discussions with tour operators and the launch of Friends of the Zoo.

- they have already increased the subscription rate for Fellows by the maximum amount permitted under their by-laws and scrapped the loss-making members' restaurant.
- they have prepared a proper balance sheet, reviewed their existing assets and will sell freehold property in Yorkshire no longer required
- they propose to develop, on profitable lines, their consultancy services for overseas zoos
- the minor cost centres (publishing, library, education and learned society activities) will all be rationalised and put on a proper accounting footing so that loss-making activities can be identified and ceased. Already they have negotiated markedly better terms with a new publisher.

We cannot yet finally assess the importance of the contribution the Institute makes in the context of British science generally. That will have to await the outcome of the review I have put in hand under the auspices of the Advisory Board for the Research Councils next year. I am grateful to them for their assistance. I have proposed, and the Society agree, that the Institute's core funding should be frozen until that study is available. This will not inhibit them from competing for research grants in the usual way. The plan therefore focusses, rightly, on the scope for change at Regent's Park and Whipsnade. The need here is to be as commercial as possible, commensurate with the Society's overall objectives. The Society forecast a 25% real increase in income over 5 years and a 5% real reduction in expenditure excluding backlog maintenance. This is over and above the reductions they have already achieved. These are challenging targets. I am confident that they will achieve their expenditure figures, though I shall ask them to test the competitiveness of their direct labour organisation by competitive tendering. Revenue is more difficult. The key to the Society's view is a sustained capital programme designed to attract new visitors. We shall need to monitor carefully how far they can raise capital from the private sector and the effect of new exhibits on visitor numbers. And I have reservations about the quality of marketing expertise available to them. I shall press for a strengthening of the Management Committee to cover this.

I propose therefore a package of support made up as follows. I envisage an annual revenue grant of £2m for 1984/85 and the 2 following years, subject to adjustment following the Institute review. In addition this year a special grant of £1m will be made to help pay off their overdraft, clearing the burden of debt charges and enabling them to start with a clean sheet. The Society has undertaken to pay off the rest. I shall make an initial pump-priming grant of £1m in 1985/86 towards their capital works programme to encourage private sector sponsors. In future years I shall match the capital they raise from the private sector £ for £ up to a ceiling of £3/4m a year. These figures are in cost terms and will not be adjusted for inflation. I shall review the level of grant after 3 years in the light of

developments, but recognising that longer-term support will be required. The grants will be subject to controls on staffing, pay, borrowing and capital expenditure to be incorporated in a financial memorandum to be agreed with Treasury. I shall also require to approve the Society's auditors and will insist that the present firm is changed. We shall find these amounts from within our public expenditure provision. I am not however proposing to give ZSL everything John Peyton demanded. His wish is for a 5 year settlement. I shall emphasise to him the need to take account of public expenditure planning horizons and the unrealism of relying on long-term revenue projections.

I should be grateful for your agreement to my proceeding on this basis.

I am sending copies of this letter to the Prime Minister, the Lord President, the Secretary of State for Education and Science, the Secretary of State for Scotland, the Secretary of State for Wales, the Lord Privy Seal, the Secretary of State for Trade and Industry and the Chief Whip, and to Sir Robert Armstrong.

*W
Waldegrave*

WILLIAM WALDEGRAVE

Gov MACH: 200: Oct 79

6
5
4
3
2
1
12
11
10
9
8
7

29 NOV 1984

JJ

2 pps



CCNO

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: J/PSO/15143/84

Your ref:

*n bpin
sent
1/8*

31 JUL 84

Dear Keith,

LONDON ZOO

Thank you for your letter of 3 July. Unfortunately this reached me only after William Waldegrave's meeting with the Society.

I do of course appreciate that the Advisory Board and the Research Councils may be reluctant to take this on, and we have been careful not to give any hostages to fortune. But their help would be of value, and we shall need to talk to them, not least because there is to be a review next year of the MRC/AFRC Comparative Physiology Research Group. In the light of what you say in your subsequent letter of 18 July it looks as if we will be able to find a satisfactory way forward. My officials will be in touch with yours again once colleagues have considered the package I am now putting forward.

/ I am sending copies of this to the Prime Minister, Willie Whitelaw, John Biffen, Peter Rees and John Wakeham, and to Sir Robert Armstrong.

*Yours ever
Patrick*

PATRICK JENKIN

The Rt Hon Sir Keith Joseph Bt MP

Gov Mach: London Zoo
Oct 79

LONDON
OCT 11 1979
MUSEUM OF NATURAL HISTORY
LONDON



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
68 Whitehall
LONDON
SW1

31 July 1984

*mb pm
Dubs
1/8*

Dear Lord President,

ZOOLOGICAL SOCIETY OF LONDON

This is merely to record that I agreed in the margins of the Cabinet meeting on 26 July that the Secretary of State for the Environment should proceed with a statement about London Zoo, about which he has written to you also on 26 July.

While I am content that a statement should be made I remain concerned that in our haste to react to what I know was a pressing problem, we have not clearly established that London Zoo is in a uniquely bad financial state nor set out clear criteria against which requests for help from other zoos will be judged. This means we must recognise that the statement is bound to lead to increased pressures for central government assistance from other zoos. I was, therefore, grateful for the Chief Secretary's assurance that if representations were received from Edinburgh Zoo as a result of our decision to provide long term grant to London Zoo, they would be given sympathetic consideration, provided, of course, that any other Zoo could show that it was in a similar parlous state.

I am sending copies of this letter to the Prime Minister, members of the H Committee, the Secretary of State for Trade and Industry and to Sir Robert Armstrong.

Yours sincerely
[Signature]

Approved by the Secretary of State
and signed in his absence

607 MACH: Lada 200
0479

1968 AUG 1968
1 2 3 4 5 6 7 8 9 10 11 12

CC/10



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

30 July 1984

Wagon Desk 20/7

Dear Patrick

ZOOLOGICAL SOCIETY OF LONDON

Thank you for your letter of 26 July proposing an announcement in principle about financial help for the Zoo. I understand that following your discussion with them and with John Peyton, Peter Rees and George Younger have accepted the need for an announcement of this kind. Nicholas Ridley objects in principle, however, and Arthur Cockfield felt there should have been more supporting information. Nevertheless, given the constraints of time and the unique stature of London Zoo, I agree that the announcement should go ahead.

You will of course recall that Keith Joseph was anxious that nothing should be said now about the possibility of DES funding the Institute of Zoology's activities. More generally, George Younger pointed to the case which other zoos might well advance for financial help. I realise that Peter Rees can give no commitment about them, but I think that for defensive purposes alone it would be helpful if the three of you could consider whether there are any general principles which could usefully be linked to this decision. You also mentioned that legislation would be necessary. I am not sure what you have in mind as a suitable legislative vehicle - there is nothing obvious in next Session's programme - but assume that this can wait longer if necessary. I should be grateful if you could come to QL Committee with firm proposals as and when you are ready.

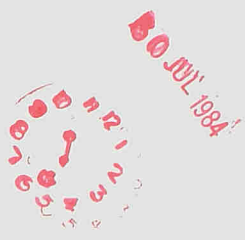
I am sending copies of this letter to the Prime Minister, the members of H Committee, the Secretary of State for Trade and Industry, First Parliamentary Counsel, and to Sir Robert Armstrong.

Mason
Wilke

The Rt Hon Patrick Jenkin MP

Cost Made Oct 79

Zoos





DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
68 Whitehall
LONDON SW1A 2AT

27 July 1984

WBM
PT

Dear Lord President

ZOOLOGICAL SOCIETY OF LONDON

I have been following the correspondence on this subject with interest and have today seen Patrick Jenkin's letter to you of 26 July.

I have to say that I share George Younger's reservations and I am afraid that Patrick's latest letter has not convinced me that other zoos will regard the position of London Zoo as "virtually unique". Permanent arrangements for support to London Zoo will, in my view, open the door to demands for support from many others.

Where I differ from George is that rather than seeking to establish criteria, however tough, for assistance to zoos generally, I would question whether Government ought to be supporting zoos with taxpayers' money at all. We are trying to discourage the idea that the Government can provide financial rescues without limit and I cannot see that zoos - even London Zoo - are a sufficiently compelling case to depart from this general principle. Also, we are trying to save money.

I am copying this letter to the Prime Minister, to members of H Committee, the Secretary of State for Trade and Industry, and to Sir Robert Armstrong.

Yours sincerely

NICHOLAS RIDLEY

pp HC87Densew
(Approved by the Secretary
of State but signed in
his absence)

Gov

March 10 1979

2003

27 JUL 1984

NOV 10
1984



Await the Sec

cc/np

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

26 July 1984

Dear Willie,

ZOOLOGICAL SOCIETY OF LONDON

In my letter of 13 July to Leon Brittan (which should of course have been addressed to you as Chairman of H) I sought colleagues' agreement, as a matter of urgency, to a rescue package for the Zoological Society of London. Both George Younger and Peter Rees have reservations.

George Younger argues in his letter of 19 July that we should not go down this path unless we can first agree on the need to establish general criteria governing the payment of financial assistance to zoos. I recognise his concern that we should not open the door to demands for help from every zoo. That is precisely why I am not proposing any general measure of support. I am proposing instead specific help for the Zoological Society of London in recognition of the national and international importance of their scientific and conservation work and because they are, frankly, bankrupt. I would regard those criteria as virtually unique.

Peter Rees for his part is prepared to agree in principle to an extension of financial support beyond 1985-86 but does not consider that we should make judgements on the need for, and nature of, Government support until we have the Zoo's Business Plan. I am not without sympathy for his position. But I do not think that we can hold that line. The Society have served notice that they want agreement in principle by the end of the month. This must, if we are to be realistic, include some indication of the nature and state of the assistance we are to provide. Without that they would have little by way of reassurance, let alone a basis on which to draw up their business plan. If we cannot give them any assurances they may well decide to plan for closure. The danger is that John Peyton will mount an intensive lobbying campaign, which is likely to become a matter of public knowledge and could all too easily lead to a crisis of confidence in the Society's affairs on the part of their bankers. I ~~must~~ therefore be able to tell the Society what we have in mind before the end of the month.

Let us be quite clear about my proposals. I have already said that a precondition of grant will be an agreed business plan. My officials are already discussing cost reductions and more effective marketing and the Society's management are in no doubt about the need to secure lasting improvements in their financial performance. It will however take at least another month to convert those discussions into tough, and attainable, specific targets built into the business plan. What I want to announce now is the basis on which support would be available, subject to agreement to the plan. It seems to me that we are in a position very different from that announced last December. Not to tell the House of the change in circumstances could lead to embarrassment if we need to make a statement in the recess, particularly if we find in October we have to take steps before the House resumes to keep the Society within their overdraft limit. I would therefore propose to make an interim statement as attached on Monday 30 July. If George and Peter cannot see their way to withdrawing their objections, I will ask my office to fix up a very quick meeting with them.

I am sending copies of this to the Prime Minister, the members of H Committee, the Secretary of State for Trade and Industry and Sir Robert Armstrong.

You are
Patrick

PATRICK JENKIN

To ask the Secretary of State for the Environment what representations he has received from the Zoological Society of London about their financial position and whether he will make a statement.

The Zoological Society of London have recently informed me that they can see no way in which they could bring themselves back to viability by 31 March 1986 as had been envisaged in the previous agreement which I announced last December. They have therefore sought an assurance of Government support on a longer term basis.

I have reviewed the position carefully with the Society and they have outlined their plans for improving the efficient management, marketing and presentation of their collections. I expressed the Government's disappointment that the Society could not now foresee an early return to viability, but in view of the more detailed analysis of the options they have now made we have had to accept their judgement. I have therefore indicated to the Society that we shall be prepared to consider making Exchequer assistance available on a longer term basis conditional upon our agreement to a satisfactory business plan with defined financial and performance criteria which we have asked them to submit by September.

26 JUL 1984





Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 LONDON
 SW1P 3EB

Wolpin Jones 297

24 July 1984

Alan Patrick

ZOOLOGICAL SOCIETY OF LONDON

Thank you for copying to me your letter of 13 July to Leon Brittan about the Government's future financial support for the London Zoo.

As I said in my letter of 6 July, I am disappointed that there appears to be no prospect of the Zoo becoming financially viable in the foreseeable future.

Provided colleagues are content, I would not, in principle, oppose extending financial support beyond 1985-86, and, perhaps, altering the present revenue grant arrangements within the government accounting proprieties but at this stage it is far from clear what is required. We must have a proper Business Plan from the Zoo management to give us a sound basis on which to make judgements about the need for, and nature of, Government support. In my view it would be premature to make an announcement before the Zoo have produced a plan on these lines.

I am copying this to the Prime Minister, to members of H Committee, the Secretary of State for Trade and Industry, and to Sir Robert Armstrong.

*Yours truly
 Peter Rees*

PETER REES

GISE MACH

200

04/99



25 JUL 1984

SEND



CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

Chancellor of the Duchy of Lancaster

out
23/7

23 July 1984

Dear Willie,

ZOOLOGICAL SOCIETY OF LONDON

I have seen Patrick Jenkin's letter of 13 July on this to Leon Brittan.

It seems to me to be a little odd that we are asked to take a decision on this without any supporting evidence. But possibly it was circulated some time ago before I joined H Committee.

I am sending copies of this letter to the Prime Minister, the Secretary of State for Trade and Industry, the members of H Committee and Sir Robert Armstrong.

John
Archer

COCKFIELD

The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
Whitehall
London SW1

Count Mack: Zoos. Oct 79



2 JUL 1984



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CNO

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
2 Marsham Street
LONDON SW1P 3EB

19 July 1984

*Wopms
DWB
2/7*

Dear Patrick,

ZOOLOGICAL SOCIETY OF LONDON

Thank you for sending me a copy of your letter to Leon Brittan of 13 July.

I understand the pressures on you to increase and make permanent the assistance which the Government has given to the Zoological Society of London over the last few years. I do not believe however that you should take this step unless we can first agree on the need to establish general criteria governing the payment of financial assistance to zoos. I am already under persistent pressure to provide financial assistance to zoos in Scotland. For example, the Royal Zoological Society of Scotland operate a well-managed zoo in Edinburgh with a sound international reputation and a high content of scientific work. Like most other zoos it finds it very difficult to raise sufficient revenue to cover its considerable costs but so far I have successfully held the line that support for zoos is a matter for local rather than central government and that the recent central government assistance to London Zoo is temporary and for special reasons. But if you put your support for London Zoo on a permanent basis it will be impossible to hold this line. Scottish and English provincial zoos can legitimately claim that a new principle has been established.

That is why we need to establish clear and tough criteria as a basis for the payment of assistance to any zoo, including London. I dare say these may take some time to work out - we would want to ensure that any assistance went only to deserving cases which were also centres of excellence. Failure to establish a coherent policy of this kind leaves us open to persistent pressure for support from every zoo in the country.

I agree that consideration needs to be given at some stage to whether all the proposed assistance should come direct from your Department (or mine if a zoo in Scotland were to benefit) or whether some of it might come from a national intermediary source such as one of the research councils. But I also agree with Keith Joseph that it would be premature to mention this point at this stage.

I note also what you say about the need for legislation. I may be able to cover Scotland's needs by including a suitable clause in the National Heritage (Scotland) Bill.

I am sending copies of this letter to the Prime Minister, to the Chairman and members of H Committee, to the Secretary of State for Trade and Industry and to Sir Robert Armstrong.

Yours very

George.



5 19 1954

Cost March Oct 79

2055



20 JUL 1984



DEPARTMENT OF EDUCATION AND SCIENCE
 ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
 TELEPHONE 01-928 9222
 FROM THE SECRETARY OF STATE

CCND
 CF
 n/bpm. But could
 I see it please?
 Dmb
 18/7

Rt Hon Patrick Jenkin MP
 Secretary of State for the Environment
 2 Marsham Street
 LONDON SW1P 3EB

18 July 1984

Dear Patrick,

ZOOLOGICAL SOCIETY OF LONDON

- have requested

X/ Thank you for copying to me your letter of 13 July to Leon Brittan.

Your letter mentions the possibility of DES's funding the Institute of Zoology's core activities as an alternative to your Department's doing so. Our officials have agreed that this possibility need not, and should not, be addressed until after any peer group review of the Institute's scientific work has been completed. Hence I agree with your comment that at this stage this is a secondary issue. I would hope therefore that you can agree that any public announcement you make later this month should be silent about this possibility. It would seem premature to bring it into public debate yet.

Subject to that condition, I am content that you should finalise measures for the Society's future, on the lines your letter indicates, and announce them.

Ken

18 JUL 1984

9 10 11 12 1 2 3 4 5 6 7 8



PS/Perm Sec
C M Wood
Mr O'Brien
P's M. H. Munday

NO 9

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

DWB
18/7

13 July 1984

Dear Lear,

ZOOLOGICAL SOCIETY OF LONDON

You and our other colleagues will recall that I announced last December a further package of grant aid for the Zoological Society of London, the learned society that owns the animal collections in Regents Park and Whipsnade and also the Institute of Zoology. The proposal was for revenue deficit support and a little capital support up to March 1986, on the understanding that they would use their best endeavours to return to viability by that time. As part of the agreement they were to appoint a new Management Committee and a new Chief Executive with a more commercial approach.

The new team - Sir William (Gregor) Henderson as President, John Peyton (the new Honorary Treasurer) and Mr Boyer, (the new Chief Executive, formerly of the Hong Kong and Shanghai Bank) have now got their feet under the table. They are tackling the management problems more vigorously and effectively. They have swiftly reached the conclusion, however, that there is no prospect whatever of the Society getting back to viability by March 1986, and that they must therefore re-open the negotiations. They have said that they will need permanent revenue support if they are to continue and that without assurance of such support they must regard themselves as insolvent and move towards closure.

Now that the Society has brought matters to a head in this way we have no choice but to try to reach a view about our own attitude to the longer-term future of the zoo, and to their request for continued Government support over a much longer timescale. Some of what follows will already be familiar to some of our colleagues.

We could in theory stand aside and do nothing, on the basis that the Society has had plenty of time, and not inconsiderable amounts of money, to put its house in order. It would then be for the Society (or the liquidators) to see what could be salvaged. This is not in my view a practical political prospect, and I do not think we should pursue this option further.

We have then to consider whether it is worthwhile trying to save something less than the present structure. Clearly the Society as a learned society can and must be self-supporting. The work it does through its collections at Regent's Park and Whipsnade and through the Institute of Zoology is a different matter. Its importance nationally and internationally is not in question. It is not just the keeping of animals, though that is an important part; it involves basic research (well-supported by the Research Councils) and the conservation of endangered species. These tasks belong together; the animal collections provide the basis for the scientific work carried out at the Institute and in turn depend on it. Indeed, a modern zoo is bound to have to justify itself more and more in terms of conservation, as a sanctuary for endangered species and a research base. It would be paradoxical to propose saving only the old-fashioned concept of a collection of animal exhibits, a menagerie. There is no case for HMG supporting a menagerie in Regent's Park while allowing the scientific and conservation aspects of the Society's work to close. We would then simply have set ourselves a precedent of subsidising zoos, with no justification in science.

It would be possible for us, while maintaining the underlying institutions, to displace the Society with an appointed grant-in-aid body more directly accountable to us and to Parliament. I am not however attracted by this option. It would be highly controversial with the Zoo and their supporters, and I have no confidence that we should be able to find a management team more capable of running the collections efficiently than the team the Society have now installed. Moreover to bring them completely under the Government aegis would restrict their chances of securing private support for the capital works they will need. I think therefore we must reckon to leave the Society in charge, but to come to a permanent arrangement with them that will ensure that they pursue efficiency and plan on a basis we can accept, and that the Government support is directed to objectives we endorse.

If we seek to maintain the collections and the Institute under the Society, we need to consider the extent of our support. The minimum option would be to continue with deficit financing beyond the present deadline. This could be the worst of all worlds. The Zoo's facilities would continue to decline, with a continuing effect on attendances. Private money would not easily be secured if there was continuing uncertainty. We would incur the political penalties without the benefits. If we are to keep the zoo and the Institute in business we need to fund its activities properly, in exchange for modern marketing and management. Effectively we want to 'relaunch' the zoo, and would get considerable credit for so doing. The Society has already begun the necessary internal measures. They are reducing

the size of the collection and the manpower it requires to look after it. There are plans to reorganise Whipsnade to reduce outgoings. Marketing is being improved and this should help revenue. But there is a heavy and increasing burden of maintenance that has not been carried out and there is a need for a sustained programme of capital investment. The intention would be to have a phased series of new developments to halt the present decline in facilities, cut running costs and provide a series of new attractions designed to draw visitors.

William Waldegrave has discussed the options in detail with John Peyton, Gregor Henderson and their people. He thinks, and I agree, that a package on the following lines would secure the future of the Society and its work:

- i. a grant or interest free loan to the Society of £1m to pay off their overdraft. This is currently £2m; they would clear the remainder by realising the securities held by their general fund;
- ii. an annual negotiated revenue grant subject to review in the light of developments but implying a commitment to continued support. The grant for 1984/85 and 1985/86 would be fixed at £2m; this will be cash-limited but ZSL would be free to retain any surpluses to transfer to their capital account;
- iii. an initial capital grant of £1m this year as a pump primer followed by grants of up to £½m in a year on a pound for pound basis to match what would be raised from the private sector.

The grant would be subject to our agreeing a detailed business plan covering inter alia cost reductions, charging, marketing and maintenance; accounting (including the introduction of a modern management accounting system); staffing, pay and conditions of service; and a peer group review of the scientific work being carried out. (It is for consideration whether the Institute's core activities might better be funded by DES through the Research Councils but that is a secondary issue.)

Legislation will be necessary if we are to continue funding the Society on a semi-permanent basis. The Environment Select Committee in their report on the main 1984/85 Estimates criticised us for continuing temporary support on the authority of the Appropriation Act alone. A single clause should be all that is required, and could be included in a suitable legislative vehicle.

John Peyton, as Treasurer, has advised the Zoo Council that it should not continue trading on the basis of the present level of Exchequer support. It is therefore I believe of some importance that we try and reach an agreement with the Society by the end of this month. Subject to the views of colleagues I would now like to finalise and publicly announce agreed measures

for the Society's future. I already have PES resources for the amounts proposed for 1984/85 and 1985/86. The resources needed for later years will fall to be considered in the usual way in the PES process. Can I take it therefore that unless I hear to the contrary by 18 July, I may proceed as I suggest?

I am copying this letter to the Prime Minister, to members of H Committee, the Secretary of State for Trade and Industry, and to Sir Robert Armstrong.

*Yours
Patrick*

PATRICK JENKIN

18 JUL 1964

6
7
8
9
10
11
12
1
2
3
4
5

CCNYO



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

6 July 1984

*no pen
sent
9/7*

Dear Secretary of State

LONDON ZOO

Thank you for your letter of 27 June about the London Zoo.

It is disappointing to learn that the new Zoo management have concluded that there is no prospect of returning to viability by March 1986, as envisaged in last December's agreement. I very much hope that William Waldegrave will have probed this closely at his meeting last Tuesday, and, equally important, their plans for making the Zoo a tauter and more efficient organisation. As you say, at the very least there has to be a soundly based Business Plan covering all the Zoo's operations, and particularly the running of the collections at Regent's Park and Whipsnade.

When we have William Waldegrave's report on the outcome of his discussions, we can then consider how best to take this forward, with the aim of reaching a decision on the question of future Government support for the Zoo before the end of July.

I am copying this letter to the Prime Minister, Willie Whitelaw, Keith Joseph, John Wakeham and Robert Armstrong.

Yours sincerely

J. Peter Rees
J. PETER REES

[Approved by the Chief Secretary]

Govt. Machinery : Min. Res.
for Zee
10/77.



~~CENO~~

*nbpm
await Ch Sec'y
DMS
3/1*

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

3 July 1984

Sher Patrick,

LONDON ZOO

Thank you for copying to me your letter of 27 June to Peter Rees.

I note that William Waldegrave is due to meet Sir William Henderson, John Peyton and Mr Boyer on 3 July for a preliminary general discussion of the main issues. With that meeting in mind, I think it right just to sound a note of warning.

Your letter correctly reports my officials as having indicated that they would be prepared to put to the Advisory Board for the Research Councils a proposition that the Board itself, or alternatively the Research Councils most directly involved in supporting the Institute of Zoology, might mount a peer review of the Institute to advise on the quality and value for money to its work, in scientific terms.

I cannot of course predict how the Board would react to such a proposition. The Institute's work would appear to lie largely outside the field covered by the Research Councils, each of whom is constrained by its Charter. In so far as its work lies within their fields, it already receives grant support from the Councils concerned (the Agricultural and Food and the Medical Research Councils), as your letter recognises. I would not therefore wish William Waldegrave to give Sir William Henderson and his colleagues any impression that, if they themselves are willing for such a review to happen, it is a foregone conclusion that ABRC, or one or more Research Councils, will sponsor it.

/I do not

Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
2 Marsham Street
LONDON SW1P 3EB

I do not wish to make too much of this. But I think it would be a pity if my official's willingness to seek the ABRC's assistance in this matter were to be read by you, William Waldegrave, other recipients of this letter or your officials as being synonymous with the Board's accepting the remit.

I look forward to hearing further from you on this aspect of the London Zoo after the discussion on 3 July.

I am copying this letter as yours.

Euan .

Kew .

Gov MACH: 200 : Oct 79

23 JUL 1984

11 12 1
10 9 2
8 7 3
6 5 4

PRIME MINISTER

(4)

CF: Await Ch Sec's
reply.

DWB
2/7

London Zoo

There is no need to read the attached very long letter from the Environment Secretary to the Chief Secretary about London Zoo. In sum, the deal reached with the previous Zoo management has broken down, and the new board are looking for more substantial Exchequer support.

The new Honorary Treasurer is Lord Peyton. He is said to be seeking a meeting with you to discuss the Zoo's finances, although we have had no such request as yet.

DWB

mf

DAVID BARCLAY

28 June, 1984



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

27 June 1984

Dear Peter,

The fragile agreement reached with the Zoological Society of London last December to give them temporary financial support is coming unstuck.

You will recall that we agreed to give them revenue deficit support and a little capital support up to March 1986, on the understanding that they would use their best endeavours to return to viability by that time. As part of the agreement they were to appoint a new Management Committee and a new Chief Executive with a more commercial approach. And subsequently Solly Zuckerman stood down from the Presidency to be replaced by Sir William Henderson.

The new team - Henderson, John Peyton (the new Honorary Treasurer) and Mr Boyer, (the new chief Executive, formerly of the Hong Kong and Shanghai Bank) have now got their feet under the table. They are showing some encouraging signs of tackling the management problems more vigorously and effectively. They have swiftly reached the conclusion that there is no prospect whatever of their getting back to viability by March 1986, and that they must therefore reopen the negotiations. They are now saying that they will need permanent revenue support if they are to continue, and that without assurance of such support they must regard themselves as insolvent and move towards closure. John Peyton's letter of 15 June (copy attached) sets this out formally. He has written in similar terms to Willie Whitelaw, and I understand he is seeking a meeting with the Prime Minister.

Now that the Zoo has brought matters to a head in this way we have no choice but to try to reach a view about our own attitude to the longer-term future of the Zoo, and to their request for continued Government support over a much longer timescale.

In order to clarify the issues I have asked William Waldegrave to take a meeting with William Henderson, John Peyton and Mr Boyer on 3 July. Their first task will be to get a clearer view of the details of the Zoo's operations and to identify where their losses are arising and where there may be scope for any further cost-cutting or revenue generating. The new Chief Executive has been much more helpful and efficient than

the previous management in producing information on this, and my officials and yours have now been able to obtain detailed costings on the 6 main component parts of the Zoo, in a way that should make detailed discussion much easier. The six parts are:

- i. The Regent's Park Collection
- ii. The Whipsnade Collection
- iii. The Institute of Zoology - based at Regent's Park, doing scientific research and providing veterinary services for the collection
- iv. Education
- v. Publication and the Library
- vi. The Learned Society.

Our preliminary assessment of the position of each of the operations is as follows:

i. Regent's Park Collection. At present the collection is making a loss of about £0.5m in the current year on expenditure of £3½m. With determined action to reduce costs and much more vigorous marketing this might be capable of being brought closer to viability; but significant cost reduction would mean reductions in the numbers of the animals. There is also a maintenance backlog (of a size which will need to be properly assessed) on the older buildings; and I share some sympathy with the Zoo's case that they also need to develop or redevelop some of the exhibits to make them more attractive and generate confidence. The necessary capital programme would obviously need careful assessment, but could be of the order of £2m per annum for 5 years.

ii. Whipsnade. The losses here are much larger proportionately (£0.6m on expenditure of £1.3m), and the attendances are much lower. Closure and disposal is therefore obviously a possibility. But it would not realise more than £2m if that; and the Zoo will argue that Whipsnade is an integral part of their operation and provides essential support to their scientific, conservation and breeding work. We shall need to explore the options carefully here. A forced disposal of Whipsnade would undoubtedly improve the commercial position of the Zoo, but the loss in political and conservation terms might be considerable.

iii. Institute of Zoology. Total expenditure of the Institute is about £1.3m of which about £0.6m is met

by Research Council grants. The remaining £0.8m of core financing is meant to be provided by profits from the collection, but is effectively being provided by Government subsidy at present. Within DOE we have no way of assessing at present whether the scientific work of the Institute is of a calibre deserving of Government core financing. Our proposal therefore would be that we should seek a thorough peer-group review within the next 6 months by a small group of scientists eminent in the field who could advise us on the scientific merits and value for money of the Institute's work. DES officials have helpfully indicated that they would be willing to seek assistance via the Advisory Board for the Research Councils in setting up such a review, and subject to Keith Joseph's view, to whom I am copying, that would seem to me the right way to proceed.

iv. Education. This is a tiny operation (£100,000 per annum) which provides lectures etc to school parties, and just about pays its way. No problems need arise on this, provided it continues to pay its way as it should.

v. Publications and Library. Losses of £113,000 on expenditure of about £260,000. It looks as though considerably more might be done here to cut costs and increase revenue.

vi. The Learned Society. Membership subscriptions might be increased to reflect the benefits (free admissions, use of library) available to members and the fees of comparable societies. (We are obtaining informal advice from the Royal Society on this).

Putting all these items together I think we shall probably be driven to accept the conclusion that the Zoo cannot be made wholly viable by 1986, certainly not in its present shape or form. We shall therefore have to decide on our longer term strategy.

We could of course refuse to contemplate any further support beyond 1986, and leave the Zoo or their liquidators to salvage whatever they could from the operation. But I do not think this would be politically acceptable, and would not wish to pursue this option further.

The second option therefore is to accept that the Zoo has effectively the status of a national institute, with world-wide standing in the biological and conservation field, which makes it a legitimate object of Government support. The problem will be how to drive a good bargain in this negotiation. It is clear from John Peyton's letter and contacts that the Zoo

will start with a high bid, and will stoutly resist Government encroachment on their managerial freedom. But for our part we must clearly insist on a ceiling of any Exchequer support, and on a proper degree of control over the disbursement of public money. We shall have to work towards a satisfactory package with suitable safeguards and conditions on our side.

I see the primary conditions we should insist on as being the following:

i. The Zoo must produce a soundly-based Business Plan covering all the main parts of their operation and particularly the running of the two collections. We shall need to be satisfied that they are taking all reasonable steps to control costs (though I would probably not I think at this stage want to push for significant reductions in the numbers of animals) and to generate revenue by better marketing. It has been put to me by an expert who has advised major zoos in America that the whole philosophy surrounding the public presentation of the London and Whipsnade collections is sadly out of date. Experience overseas has shown that with modern, imaginative and attractive presentation of animals it is possible to attract huge crowds. So far, I am told that the new management is very resistant to advice of this sort. I believe we must press the Zoo very hard on this. We should also want realistic estimates of the cost of putting right their maintenance backlog which could be tested and assessed by our own professionals. And we should want proper appraisal and control of any significant item of new capital development.

ii. On the scientific work at the Institute we should want them to agree the peer-group review suggested above, and to shape the future scale of the work of the Institute in the light of the review.

iii. The ancillary education, publication, library and learned society functions should be managed so that they at least pay their way, taking account of membership subscriptions.

Apart from the financial terms we shall need to consider constitutional questions. The Zoo is a non-profit-making body established by Royal Charter, wholly owned by its members. We shall need to consider whether it is a proper recipient of Government money on a permanent basis.

One possibility would be for us to legislate to displace the present Zoological Society as managers of the collections at Regent's Park and Whipsnade and to replace them with an appointed grant-in-aid body more directly accountable to us

and to Parliament. I am not however attracted by this option. It would be highly controversial with the Zoo and their supporters, and I have no confidence that we should be able to find a management team more capable of running the collections efficiently than the present operators. Moreover to bring them completely under the Government aegis would restrict their chances of securing private support for the capital works they much need at present.

I think therefore we must reckon to leave the present Society in charge, but to seek a deal with them that will ensure that they pursue efficiency and plan on a basis we can accept, and that the Government support is directed to objectives we endorse. (Government grants to the universities through the UGC may be one possible model in this context). The essential thing will be to obtain a realistic business plan from the Zoo, identifying the prospects and needs of each part of the operation on the basis of which we can agree annually an appropriate level of Government funding. We shall also need to ensure that any Government support is not seen in any way as subsidising the members of the Zoological Society.

Legislation will in due course be needed if we do decide to continue funding the Zoo on a permanent basis. In their recent report on our main Estimates for 1984/85, the Environment Committee have criticised us for continuing temporary support to the Zoo on an ad hoc basis on the sole authority of the Appropriation Act, and this report (which deals with several other topics as well) is to be debated during July. We may expect therefore to come under increasing Parliamentary pressure to seek statutory powers for any long-term support to the Zoo. If it is only a question of statutory cover for Exchequer payments we could probably wait for the next suitable legislative vehicle. But if the negotiations did lead to the conclusion that it was necessary to vary the terms of the Zoo's charter or membership arrangements in any way I should warn that there might be a need for earlier legislation.

I will write to you again after the discussion on 3 July when details are becoming clearer. Meanwhile I should be grateful for any comments from you and from colleagues to whom I am copying. Possibly it would be useful to book a slot for an H Committee discussion sometime in the first half of July if there are issues here which colleagues think need collective consideration. It is clearly essential that we reach a decision in principle on the question of continuing Government support for the Zoo before the end of July in view of their current concern about their solvency. And if possible it would be desirable to have our lines straight for us to announce in the Commons in the week beginning 16 July when the Environment Committee report on our Estimates is to be debated, though

this will of course depend on the progress of our negotiations.

I am copying this letter to the Prime Minister, William Whitelaw, Keith Joseph, John Biffen, John Wakeham and Robert Armstrong.

You are
Patrick

PATRICK JENKIN



2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

27 June 1986

Dear John,

Thank you for your letter of 15 June reporting the Council's conclusion that the Zoological Society of London would be obliged to cease trading, and plan for closure if no prospect of continued Government support emerges at the meeting on 3 July.

The meeting on 3 July will clearly be a very important one, and I hope it can be used to clarify the options before us. Initially we shall want to establish precisely what the Zoo's present position is, where the losses are arising and how far there are possibilities for reducing costs or increasing revenues. The attached list of questions indicates the kind of points which we shall want to have explored in this context, and I hope that the material which officials are preparing for the meeting can cover these points.

In the light of this analysis I hope the meeting can go on to explore the options for the future. We shall need to know first what precisely would happen if the Government were unable to extend support beyond March 1986. Would the whole Society have to be wound up, or would there be any way of operating on a more restricted but viable basis?

Secondly, we should need to consider what would be achieved with different levels of any Government support. Which parts of the operation would benefit from any support, and how could this best be provided and controlled?

Thirdly, we should need to consider constitutional aspects. If we were to contemplate any long-term Government support to the Zoo legislation would be needed to give us power for the purpose, and to ensure that the public money was properly controlled and directed to the objects which Government had agreed. The constitution of the Society itself might also need to be looked at in this context.

Clearly it is important to reach an early conclusion on these matters. I would hope we can work towards an agreement in principle on what should be done before the end of July.

*Yours
Patrick Jenkin*

PATRICK JENKIN

LONDON ZOO

SOME QUESTIONS ABOUT THE COSTS OF THE DIFFERENT OPERATIONS

I. Regent's Park Collection

i. How much could the costs be reduced eg. by reducing the number of animals or by other measures? How much have they already been reduced over the past 5 years?

ii. What proposals does the Zoo have for increasing revenue by improved marketing?

iii. What is the minimum programme for capital work over the next 5 years:

(a) to repair existing buildings;

(b) to replace worn-out buildings and provide modest new facilities that could draw on a 5% rate of return by generating new gate revenue?

II. Whipsnade

i. How much could costs be reduced by reducing number of animals or by other means? How much have they already been reduced?

ii. What proposals does the Zoo have for increasing revenue by improved marketing? Could it do more on exploring commercial opportunities, eg on breeding?

iii. What is the minimum programme for capital work over the next 5 years

(a) to repair existing buildings;

(b) to replace worn-out buildings and provide modern new facilities that could draw on a 5% rate of return

by generating a new gate revenue?

iv. Alternatively, what could the Zoo realise by closing Whipsnade and disposing of it? What closure costs would there be? What damage to the Regent's Park collection

would result? How far could Regent's Park buy in whatever Whipsnade provides from other sources?

III. Institute of Zoology

i. What are the scientific objectives of the Institute?

ii. Could the Institute obtain more grants from other sources?

iii. Would a peer group review (perhaps under the auspices of AFRC and MRC if they were willing) be the appropriate way for Government to obtain advice on the scientific value of the research, and its value for money, in consideration of the question of future core financing for the Institute?

iv. To what extent does the scientific work of the Institute depend upon access to the collections?

IV. Education

i. Can it be agreed that this activity should as a minimum pay its way (including a full contribution to overheads?)

ii. Could it reasonably generate any profit to the Zoo?

V. Publications and Library

i. How much could costs be reduced by reducing numbers or frequency of publications, trimming production costs, reducing library purchases, and numbers of librarians?

How far could prices for publications be increased?

ii. Is there any reason why Government should support this part of the Society's activities? Why should it not be operated so as to pay its way?

VI. Learned Society

i. What proposals does the Zoo have for increasing subscriptions?

ii. Is there any reason why the Government should support this part of the operation, or why the 'learned society' activities should not pay their way?

RECEIVED
18 JUN 1984
PRIVATE OFFICE



Mr Ostrom - unless
advise please
Sps - to see
PS/Mr Underwood
PS/Sir G. Howley
Mr Edwards
(SEA)

The Zoological Society of London

President: Sir William Henderson, F.R.S.

Treasurer:
The Rt. Hon. Lord Peyton of Yeovil

Regent's Park
London NW1 4RY
Tel: 01-722 3333

CONFIDENTIAL

15th June 1984

John Patrick

At their meetings on Wednesday, 13th June, the Management Committee and the Council gave careful consideration to the position of the Zoological Society of London in the light of your letter to Sir William Henderson of the 29th May.

They concluded that in the absence of continued Government support, the Society would be insolvent and would be obliged to cease trading forthwith. They also concluded that it would be wrong to continue to eke out an existence on a hand to mouth basis of deficit financing; the Society's position could not improve and would continue to deteriorate.

I thought it right that I should tell you of these conclusions now. It is clear to me that if neither a settlement nor a clear prospect of one emerges at the meeting on the 3rd July, we would have no option but to plan for closure. We feel in such circumstances that it would be right that we should give due warning to your colleagues of the serious position which had been reached.

*Yours truly
John*



P.S. In fact I saw Willie Whitelaw today and thought it right to mention the matter to him.

The Rt. Hon. Patrick Jenkin, M.P.



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

19 December 1983

*nbpm
DMS
25/12*

Dear Secretary of State

LONDON ZOO

Thank you for your letter of 15 December.

I have considerable misgivings - there is a real risk that the Zoo will become a permanent pensioner. However, I accept that we are not likely to be able to get a better undertaking from them and, given all the background, I am content for you to make an ~~appointment~~ *announcement* in the terms proposed.

It will be vital to ensure that we hang on to the clear objective of the Zoo's operating without further Government support from April 1986. I am sure that you should leave them in no doubt about our views on that. I have asked my officials to keep in touch with yours on developments.

Copies of this go to recipients of yours.

Yours sincerely

J. R. Rees

J. R. PETER REES

[Approved by the Chief Secretary]

Govt Mach.
Oct 1979
responsibility
for Zoo's

20 DEC 1983





10 DOWNING STREET

From the Private Secretary

16 December, 1983.

London Zoo

The Prime Minister has seen a copy of your Secretary of State's letter of 15 December to the Chief Secretary about the London Zoo.

The Prime Minister is content for your Secretary of State to proceed with his announcement in the terms proposed.

David Barclay

John Ballard, Esq.,
Department of the Environment.



Prime Minister

The draft at A is identical to an earlier version which you approved, except for the highlighted passage which reflects subsequent negotiations with the Zoo.

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

15 December 1983

Dear Chief Secretary

Agree announcement next week?

Yes no

JMB
15/12

LONDON ZOO

I am glad to be able to tell you that we have now reached agreement with the Zoo about the basis on which future funding can be given, and on the form of a joint announcement. A copy of Solly Zuckerman's letter is attached.

The announcement, which has already been agreed by our officials, recognises the aim of freeing the Zoo of Exchequer support by March 1986 and places an obligation on the President and Council to use their best endeavours to secure this objective. I believe this offers us a way forward with the prospect of placing the Zoo on a sound financial footing, and during the period of continuing grant my officials will be examining the Zoo's progress closely.

I should say that negotiations with the Zoo have not been easy. Initially, they felt that they could not give an undertaking to strive towards an objective they did not believe was attainable. It has only been with some reluctance, and on reflection, that they have acceded to the terms offered to them. Having done so, I am sure they will press forward to achieve the target Government has set them, though they have felt it necessary to emphasise to me that they cannot guarantee that they will be able to return to full viability by March 1986.

I should mention two other moves that I believe will benefit the Zoo. The first is the appointment of Mr J L Boyer as the first Chief Executive: he will take up his post on 1 January and we will be seeking an early meeting with him. The second is my intention to take up the places which are available to Government nominees on the Zoo's Council, which have hitherto remained vacant. These nominees will sit on the Board of Management and they will be assisted by one of my officials who will attend meetings as an observer. In addition to these steps, my officials will be in discussion with yours on the drafting of a Financial Memorandum which will be in force for the duration of the grant period.

I would be glad if you would signify your agreement to the

terms of the announcement by Monday so that a statement to Parliament can be made in advance of the recess. I am also copying this letter to the Prime Minister with a similar request for agreement. Additional copies go to Norman Tebbit, to Keith Joseph and to Sir Robert Armstrong.

Yours sincerely

Patrick Jenkin

PATRICK JENKIN

*Approved by the Secretary of State
and signed in his absence.*



The Zoological Society of London

President: Professor L. Huxley
O.M., K.C.B., D.Sc., F.R.S.

Secretary: Professor J. S. Allen
Ph.D., D.Sc., F.R.S.

Regent's Park
London NW1 4RN

Tel: 01-722 3333

14 December 1981

PRIVATE & CONFIDENTIAL

BFH

The Rt Hon Patrick Jenkin MA MP
Secretary of State for the Environment
2 Marsham Street
London SW1

Dear Patrick,

Thank you for your letter of 8 December, a copy of which was forwarded to me as soon as it arrived. I have now had an opportunity of discussing it with all the members of the Management Committee.

We understand your concern that the Parliamentary Answer should not, as you say, "give too much prominence" to the doubts we have about the likelihood that the objective, as stated, can be realised. On the other hand, you know what these are and, since they are on record, we are content with the form of words you now suggest. While they specify a date, they do not imply a guarantee.

John Peyton has told me about the talk he had with you yesterday morning. I certainly welcome the idea of our meeting in the New Year to consider a framework within which the Society should operate in the longer term, in concert, possibly, with the Natural History Museum and Kew Gardens. This idea has been floating around for a long time. If it, or something like it, could be realised, an assurance of stability would be accorded to the Zoo which, over the years, to quote Hansard of 1970, has "become in fact, if not in form, a national institution".

*Yours ever,
S. Zuckerman*

Lord Zuckerman

P.S. The whole Council has now seen your letter and has approved this reply.

S.

Gov Mach Oct 79 2005

GOV MACH
OCT 79 2005

2005

A

PARLIAMENTARY QUESTION

To ask the Secretary of State for the Environment if he will make a statement about financial support for the Zoological Society of London.

DRAFT ANSWER

I have considered the Operational Plan prepared by the Society earlier this year. It is clear that it will be a little time before the Society can dispense with Government support. The Government has accordingly agreed to provide further financial support for up to three years, ending on 31 March 1986. The President and Council of the Society have given an assurance of their best endeavours to develop their plans during this period with the objective of reducing their operating deficit and operating without further Government revenue support beyond 31 March 1986.

For the current financial year, Parliamentary approval for a grant of up to £2.0m to cover the prospective deficit in this year's operation will be sought in a Supplementary Estimate on the Central Environmental Services etc Vote (Class VIII, Vote 2). Pending that approval, the expenditure will be met as necessary by repayable advances from the Contingencies Fund.

The Cash Limit for Class VIII, Vote 2, will accordingly be increased by £2m from £116,702,000 to £118,702,000. This increase is being met from within my Department's existing public expenditure survey provision and will not therefore add to the planned total of public expenditure.

For 1984/85 provision will be sought in the Main Supply Estimates.

1987
11 12 1
10 9 8
7 6 5
4 3 2

1987



FILE 511

cc: Chief Sec's O.
DES
DTI
CO

10 DOWNING STREET

From the Private Secretary

4 November, 1983

Dear John,

Thank you for your letter of 3 November to Andrew Turnbull about London Zoo.

The Prime Minister is content with your Secretary of State's draft announcement, subject to the views of colleagues.

I am sending copies of this to the recipients of yours.

Yours ever,

David

DAVID BARCLAY

J. Ballard, Esq.,
Department of the Environment



cc B.I. (1)

Prime Minister

2 MARSHAM STREET
LONDON SW1P 3EB

London Zoo: The proposed package

01-212 3434

is

My ref:

Your ref:

Yes

- a) revenue support for up to 3 years
- b) no government funding thereafter
- c) up to £2m to cover current year's deficit

Agree draft announcement, subject to colleagues? 3 November 1983

Dear Andrew:

DMS
3/11

The Prime Minister asked to see the terms of an announcement about future funding for the London Zoo. The attached draft has been agreed with officials at Treasury and substantially follows the terms of a statement sent to us by the Chief Secretary.

I should be glad to know if the Prime Minister is content with what my Secretary of State proposes to say. We would be aiming to make this announcement on 9 November to coincide with the next meeting of the Zoo's Council.

I am copying this letter to the Private Secretaries of the Chief Secretary and the Secretary of State for Education and Science and for Trade and Industry and to Sir Robert Armstrong.

Yours sincerely

John Ballard

JOHN BALLARD
Private Secretary

Andrew Turnbull Esq

DRAFT PARLIAMENTARY QUESTION

To ask the Secretary of State for the Environment if he will make a statement about financial support for the Zoological Society of London.

DRAFT ANSWER

"I have considered the Operational Plan prepared by the Society earlier this year. It is clear that it will be a little time before the Society can dispense with Government support. The Government has accordingly agreed to provide further financial support for up to three years, ending on 31 March 1986. During this period the Society will be expected to develop its plans and to demonstrate how it will operate without further government revenue support beyond that date.

For the current financial year, Parliamentary approval for a grant of up to £2.0m to cover the prospective deficit in this year's operation will be sought in a Supplementary Estimate for the Central Environmental Services etc Vote (Class VIII, Vote 2). Pending that approval, the expenditure will be met as necessary by repayable advances from the Contingencies Fund.

^T the cash limit for Class VIII, Vote 2, Central Environmental Services will accordingly be increased by £2m from £116,702,000 to £118,702,000. This increase is being met from within my Department's existing public expenditure survey provision and will not therefore add to the planned total of public expenditure.

For 1984/85 provision will be sought in the Main Supply Estimates.

3 NOV 1983





GR CF
This is not the final
version of the statement
Await Mr Gow's reply.
JB

Treasury Chambers, Parliament Street, SW1P 3AG

Ian Gow Esq MP *Minister for Housing*
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

5 October 1983

Dear Minister

LONDON ZOO

Thank you for your letter of 19 August, in which you sought further financial support for the Zoo.

As you are aware, I want to minimise the call on public funds. However, I recognise that to withdraw all assistance to the Zoo would be politically and presentationally unacceptable. I therefore agree, somewhat reluctantly, that financial support to the Zoo should be extended as suggested to cover the next three years, subject to the conditions which you mention. I note that if the money is required in advance of Parliamentary approval to a Winter Supplementary Estimate, you will be putting forward the case for a repayable advance from the Contingencies Fund as in earlier years.

As regards the basis for this support, I agree with you that, although a new service for the purpose of supply, we should continue to rely upon the Appropriation Act, since legislation could give completely the wrong signal about our long term intentions. Nevertheless I believe that it is right to inform Parliament and I understand that your officials have drafted and are clearing with mine a PQ for this purpose. I believe that that should make as clear as possible that our obligations to the Zoo will be very strictly limited in both quantum and duration.

I am copying this letter to recipients of yours.

Yours sincerely

J. G. Rees

J. PETER REES

[Approved by the Chief Secretary]

DRAFT PQ

To ask the Secretary of State for the Environment if he will make a statement about financial support for the Zoological Society of London.

DRAFT ANSWER

I have considered the Operational Plan prepared by the Society earlier this year. It is clear that it will be a little time before the Society can return to financial viability. The Government has accordingly agreed to provide further financial support for up to three years during which period the Society will be expected to develop its plans and to demonstrate how it will achieve viability without further government support.

For the current financial year, Parliamentary approval for a grant of up to £2.0M will be sought in a Supplementary Estimate for the Central Environmental Services etc Vote (Class VIII, Vote 2). Pending that approval, the expenditure will be met as necessary by repayable advances from the Contingencies Fund.

The cash limit for Class VIII, Vote 2, Central Environmental Services will accordingly be increased by £2,000,000 from £116,702,000 to £118,702,000. This increase is being met from within my department's existing public expenditure survey provision and will not therefore add to the planned total of public expenditure.

gou Mach Oct 79 Zoo's

OCT 5 1983





Minister for Housing and Construction

Department of the Environment
2 Marsham Street London SW1P 3EB

Telephone 01-212 7601

*await Chief Sec's
reply wh
rld*

19 August 1983

Dear Peter,

LONDON ZOO

Our predecessors were in touch earlier this year about the financial problems of London Zoo, which has been receiving revenue support from my Department over the past 2 winters. This support has been designed to be short-term, first pending a report from a Joint Study Team from the Department and the Zoo on the feasibility of the Zoo becoming self-financing once again, and then while the recommendations made by the Study Team are implemented. The correspondence between Leon Brittan and Tom King rested with Leon's letter of 29 April, although our officials have kept in touch since.

There is agreement between us on the need to end this cost to the Exchequer as speedily as possible; but equally, as Leon Brittan recognised, to withhold assistance at this stage would be difficult. Last February the Zoo provided us with an Operational Plan for a return to viability, as recommended by the Study Team, but this was an inadequate document in many respects. If the Zoo is not to become a permanent recipient of public funds, it is clear that there will have to be sweeping changes in management. The Study Team recognised this and recommended the establishment of a Board of Management specifically charged with looking after financial matters and with the commercial operation of the zoos at Regents Park and Whipsnade: they also recommended the appointment of a full time Chief Executive, which the Zoo at present lacks. The Board has now been set up, and a Chief Executive is in the process of being selected. In addition, strong efforts are being made to persuade Lord Zuckerman to step down from the Presidency at the next AGM. Lord Swann is a possible candidate for his place. I believe that this change is essential, and am optimistic that a good new President with Professor John Phillips as Secretary and Sir Richard Way as Treasurer will give us the kind of management we need.

I am satisfied that they will be committed to introducing more positive and business-like management, with the day to day conduct of affairs delegated to the Board and the Chief Executive in the proper way. I believe that under this regime the defects in the Finance Department will be overcome, and that we will also see an end to the problems which have arisen through the animal collections, the Research Institute and the Learned Society being run as a single entity rather than as 3 distinct cost centres. Once the change in the Presidency is assured Patrick Jenkin proposes to exercise his right to nominate 3 members of the Management Board: that he will want to consult you about.

The prospect of these changes makes me able to recommend that we should provide financial support to keep the Zoo afloat while the management and business operations are improved. If you agree, I would like to inform the Treasurer of the Zoo in confidence that subject to our being satisfied that the changes will be implemented, this Department will be willing to extend financial support to the Zoo over the next 3 years. This support would be on condition that:

- a. The Chief Executive prepares a business plan to be submitted for Patrick Jenkin's approval, specifying the steps to be taken by the Society to achieve financial viability within a defined period.
- b. Financial assistance during the current year will be restricted to revenue support and will not exceed £2.5M.
- c. The Society will take urgent steps to appoint a new Finance Officer.
- d. The level of financial assistance for the years 1984/85 and 1985/86 will be based upon detailed annual budgets prepared by the Society and consistent with the approved business plan.
- e. Assistance towards capital investment to improve the presentation of the collections will be considered in the light of the business plan, but we will expect such assistance to be on the basis of matching, pound for pound, contributions from non Government sources.

I accept that the resources to provide this assistance will need to be found from the agreed DOE PES provisions. We have allowed £2M for this purpose in 1983/84, but pending Parliamentary approval to a Winter Supplementary Estimate, we shall probably need access to the Contingency Fund. It will also be necessary to increase cash limit VIII 2 appropriately.

If this course is agreeable to you, our officials could meet to agree precise figures for PESC purposes, and also to agree the terms of a further Financial Memorandum for the Zoo.

In his letter of 29 April, Leon Brittan mentioned the question of putting grant in aid to the Zoo on a sound legislative footing, and the Select Committee on the Environment also drew attention to this. We have relied hitherto on Appropriation Act powers, but we are now in the third year of this support and envisage another 2 years as a minimum, and I agree with the Select Committee that this is not satisfactory. On the other hand, I would not wish to imply, by taking legislative powers, an open ended commitment to support the Zoo. On balance I prefer to continue to rely on the Appropriation Act while the new management settles in and the realism of the business plan is tested. Should we then be convinced that support will be required on a more continuing basis we would need to legislate.

I am copying this letter to the Prime Minister, to
Cecil Parkinson, to Keith Joseph and to
Sir Robert Armstrong.

ed
IAN GOW

Goa Mach Oct 79
London Zoo

222 1111 1111

12-1 2 3
0 4 5
9 8 7 6

Good March



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Tom King MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

29 April 1983

Dear Secretary of State

*D
3/5*

LONDON ZOO

Thank you for your letter of 13 April about further financial support for the London Zoo.

I was greatly disturbed to learn that Lord Gibson's study team had been unable to comment on the Operational Plan. I had believed that one of the study team's remits was to guide the work of preparation of the plan by the ZSL. Unfortunately the Operational Plan appears to have been mainly the work of the ZSL itself, and that, I fear, is reflected in its quality.

In essence the Plan comprises a statement by the ZSL of the amount of money it considers it needs to maintain the status quo (Plan 1) or to replace and to update its facilities (Plan 2). The Plan fails to get to grips with the problem of how the Zoo's finances might be improved. Apart from revealing the serious state of these and (though clearly not intended) the poor calibre of its existing management the Plan has achieved nothing; there has been no progress in resolving the Zoo's problems. Thus we have in effect lost another year.

What is more, I have serious doubts about the financial analyses contained in the report. I find it difficult to believe that under Plan 1 revenue would improve as suggested. There is no evidence to support the projected increase in custom. It seems to me that under this "do nothing" option the deficit would remain at around £2 million a year. Plan 2 is equally worrying; again the increased number of customers is not adequately supported, and I find it disturbing that greater capital expenditure, which is expected to lead to an increase in visitors of 1 million a year, should also result in a greater revenue deficit than Plan 1; I can only conclude that capital expenditure would be best avoided.

However, the document does at least give us a better idea of costs and we can now better discuss the difficult decision we face. The

offer of further interim support while a business plan is worked out would I agree be unacceptable. If we are to assist the Zoo it is far better that we face up to the problem now and establish a proper plan rather than find ourselves presented with rerun of the last year. I believe we have a choice of (i) committing the exchequer to revenue support on the lines you propose; or (ii) abandoning the Zoo with probable early bankruptcy and closure.

I am very reluctant to offer any further support. The influence of the Zoo as a source of entertainment and education is much diminished. To offer support now would remove the Zoo entirely from the pressures of the market place. At a time when we are striving to reduce public expenditure, to take on this new commitment would be a step in the wrong direction.

However I recognise the difficulties of withholding assistance. I am therefore prepared to agree to a package on the lines that you have proposed on three conditions: that it is funded entirely from within your existing PES provision, that adequate measures are taken to minimise the burden on the exchequer and that the ZSL agrees to a new management structure and team and to take all possible steps to reduce its costs and increase its revenue.

I place great importance on the changes to the governance and the structure of management recommended by Lord Gibson's team. The council must not be allowed to stand in the way of any of these; the change at the top that we have discussed must take place. These matters will certainly need careful handling but they cannot be avoided and all concerned must understand that a price has to be paid for securing the future of the Zoo. The Zoo's new management will have to produce a budget and action plan which take nothing for granted; it will not be satisfactory for them to take the Operational Plan as a starting point. I am not satisfied, for example, that a case has been made for retaining Whipnade. It may be the Society's only sizeable freehold asset, but nevertheless, it is also a considerable liability; its direct operating losses exceeding those of Regents Park by a factor of three. Moreover, I shall require my officials to examine all the figures, rigorously.

I have noted that you will be seeking formal agreement once you have been able to establish the level of support you consider to be desirable. In the meantime you should enter into no commitments and I should be grateful if you would clear any announcements to Parliament with me beforehand.

If you are content to proceed on this basis, I suggest that our officials should get together to work out the details of the conditions that should be imposed and the ground and issues to be covered in the business plan. They will also need to consider the question of how, in the interests of propriety and regularity, it will be possible to provide for aid by specific legislation rather than relying on the Appropriation Act.

I am copying this letter to the Prime Minister, to Arthur Cockfield, to Keith Joseph and to Sir Robert Armstrong.

Yours sincerely

For Geir

LEON BRITTON

[Approved by the Chief Secretary]

Cont Mach.
Oct 79 Responsibility
for Zoo's.

3 MAY 1982





2

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

Prime Minister.

My ref:

Your ref:

~~Mr~~ Mr King's
proposals for the future
of London Zoo are at
flag A.

13 April 1983

Dear Leon,

JF

mk

18/4

LONDON ZOO

At the beginning of August, we agreed that the report of the study team which had been looking at the Zoological Society of London provided a sufficient basis for us to advance to a second stage of work. This was to comprise the drafting by the Zoo of an Operational Plan designed to cover the next few years and its scrutiny by the study team. The study team were also independently to make recommendations on the organisation and management structure of the Society, and to report to me in the New Year.

We have now had a letter from Lord Gibson, explaining what he and his colleagues have concluded; a copy is attached. His chief recommendations are that the management of the two collections at Regent's Park and Whipsnade should be put under the control of a new Board of Management; and that a Chief Executive should be appointed to take charge of the ZSL's affairs, supported by a new Finance Officer. The team made no comment on the Operational Plan (a copy of which is also attached together with a summary). There were three reasons for this. One was the late receipt of important sections of the document and Lord Gibson's wish to keep to his time schedule. Another was his view that he and his group lacked the expertise to comment in depth. But the overriding reason was his conviction that any Plan would need to be reviewed and endorsed by the new Chief Executive and his Board, and that the key to the future lay in the effectiveness of what they would do rather than the documents produced by the existing system.

The team felt that whilst these changes were being implemented some form of continuing support should be given to the ZSL since it is unlikely that it could otherwise avoid bankruptcy when the present grant runs out at the end of the month. Having studied their report and spoken to Lord Gibson I am sure that what the study team say is right: in particular I think I should endorse their remarks about the retention of Whipsnade, which remains the Society's only sizeable freehold asset.

What the study team did not say but what they have expressed privately is that no change of any significant kind would be possible until Lord Zuckerman steps down as President of the ZSL. It is clear that he is the major inhibiting factor to any change in the Society and from my discussions with him it seems that he considers the zoo should henceforward be a permanent recipient of government grant. I am convinced that if the Zoo is to attract candidates of the right calibre for its senior posts - both as honorary officers and salaried officials - a way must be found for Lord Zuckerman to stand down and leave the direction of the management to others. But, with his long and in many ways, entirely admirable record of service to the Zoo this must all be achieved with tact and sensitivity.

I think that, with the above proviso, the study team's proposals provide a way forward. We cannot as yet be sure that the ZSL will achieve viability, but if we are to run a middle course between the options of outright nationalisation and the privatisation of the collections (with doubtless government support in some form continuing for the Institute of Zoology and perhaps even the learned society as well) then the study team's package of measures present the best course. For their part the ZSL have made it clear in a recent letter that they accept the study team's contention that the commercial management of the collections at Regent's Park and Whipsnade is a matter which should be delegated to a small specialist sub-committee of Council (they consider that the exact formula in Lord Gibson's letter is incompatible with their Charter but they will certainly follow the spirit of this proposal). Their committee will consist of a number of Fellows with proven experience in business, as well as representatives of government and certain senior management officials; and I would certainly endorse the study team's recommendation that so long as any exchequer grant existed the membership of this committee should be approved by government. The idea would be that while the committee must formally be answerable to the Council it should in fact have substantial delegated powers. Lord Zuckerman has told me that he is already putting in hand the foundation of such a committee, and that he is also beginning the search for a Chief Executive.

This brings me to the question of finance. In their Operational Plan the Zoo analysed two possible approaches for the next 3 years. Plan 1 is a minimal plan under which the Zoo would just tick over more or less on present lines, though with a very marginal increase in marketing and advertising. Plan 2 is a more ambitious plan under which the Zoo would undertake a certain amount of capital investment to replace or refurbish some of the shabbier buildings and to develop a few new attractions. The Zoo believe that this Plan would begin to attract back some of the lost visitors and might begin to pave the way for longer term viability although it would be more expensive in the short run.

I am myself convinced, having visited the Zoo, and discussed matters with the Council members and some of the senior staff that it would not be sensible to try to screw the Zoo down to Plan 1. This would be a recipe for continued decay and demoralisation. Some of the buildings are in a poor way at the moment, and are unattractive to the public. Most importantly the Zoo would have little prospect of attracting the kind of dynamic Chief Executive and Executive Committee members that it needs if it was clear that the Government was determined to hold them on the tightest possible shoestring and starve them of any capital investment.

Without necessarily going all the way to Plan 2 I believe we must therefore contemplate accepting some of the investment elements of that Plan, so as to give the new management scope to develop new attractions, and project a dynamic image for the Zoo. Once confidence is restored the Zoo may of course be able to attract some capital donations from the private sector as it has in the past. But I think it would be unrealistic in the Zoo's present circumstances to look to private donations for 100% of the necessary funds. I would think £ for £ Exchequer contributions towards approved schemes might be a more realistic target, and would give the new management a real incentive to go out and win some funds for their plans.

Coming then to figures, the Zoo projects the external financing requirements for Plans 1 and 2 as follows:

		<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>
Plan 1		£1.9m	£1.75m	£1.5m
Plan 2	Revenue	£2.7m	£2.5m	£1.8m
	Capital	£1.0m	£6.7m	£7.0m
	Total	£3.7m	£9.2m	£8.8m

If we assume that not all the capital projects suggested in Plan 2 will turn out to be viable or acceptable and that they will be 50% private financed, I think we might envisage a likely scale of exchequer contributions of £2m or so per annum for revenue support over the next 3 years, and several millions for matching contributions for capital projects. Any such aid would be cash limited. The figures I quote are only orders of magnitude at this stage since we have not yet embarked on detailed negotiations with the Zoo. I am not therefore seeking your formal agreement to them at present.

A

If you are content with the general approach mapped out here I envisage matters developing as follows:

- i. the Zoo agree to make the necessary organisational changes, establishing a Board of Management with Departmental representatives sitting on it, and appointing in consultation with ourselves a Chief Executive and a new Finance Officer;
- ii. the Zoo agree to the new management producing a budget and action plan based on an analysis of the operational plan. The new document should state clearly whether the ZSL can realistically aim to cover its costs (excluding Research Council funding); and if so on what timescale and with what precise grant implications for the next 3 years;
- iii. in return I offer them the assurance of a reasonable degree of revenue support and some backing for capital projects to run over the next 3 years;
- iv. these arrangements are announced to Parliament;
- v. detailed negotiations are held on a firm ceiling figure for financial support in 1983/84, and planning figures for 1984/85 and 1985/86.

We ought to aim to complete these 5 steps in the next 2 months, though it will take a little longer for the Zoo actually to find the Chief Executive and Board of Management members. It will also be important to ensure that the policy direction of the Zoo, particularly at the levels of President and of chairman of the new Board of Management, is in the hands of people in whom we would have full confidence. Such necessary changes will, however, call for very sensitive handling.

Finally, I think we must face the risk that the Zoo could run into financial difficulties in the next month or so (its income should now be increasing but it is very sensitive to the effects of bad weather). If I do not hear from you to the contrary, I shall assume that you would be content to see further limited financial assistance being provided in April/May to the minimum extent necessary to enable the Zoo to meet immediate needs whilst we finalise our consideration of the longer term.

I am copying this letter to the Prime Minister, to Arthur Cockfield, to Keith Joseph, and to Sir Robert Armstrong.



TOM KING

Sir George Moseley, KCB.,
Department of the Environment
2 Marsham Street
London, S.W.1.

Telephone 01-828 9020
Telex 8953869

17th February, 1983

and
Professor Lord Zuckerman
The Zoological Society of London, London NW1

Dear Sir George

As you know, The Secretary of State asked me last year to chair the study team which has been looking at the future of the Zoological Society of London. The team was asked to examine the operational plan prepared by the Society, to report to you on its contents and to make suggestions for any organisation and management changes which might in our judgement be necessary to implement such a plan. We were asked to report by the end of January.

As I made clear to the Secretary of State when he invited me to oversee the study team's deliberations, I did not think I should be able to make a contribution to the study of the plan itself, but I undertook to comment on the changes in the structure of management that might seem advisable if the plan were to be adopted. In the event the study team has not been able to prepare an analysis of the material from the ZSL, which, as late as our last meeting on January 18th, was incomplete. It has now arrived, but a detailed study of the proposals and their implications would take considerable time and I think it better to report now on the management changes that seem to us desirable if public funds are to be made available to the Zoo, whatever operational plan may be adopted. We are clear that a proper budget and business plan will be essential, both as a guide to the management of the Zoo and in order to secure funds, but I doubt whether our task should in any case be to evaluate such a plan at this stage.

If the ZSL accepts the recommendation (which we make later in this report) to appoint a chief executive, the operational plan must be subject to his scrutiny and endorsement and it is at that stage that comment might be more useful. It seems to me, and I make this suggestion in a purely personal capacity, since it would be wrong to associate Lord Chorley with this observation, that it is at that stage that the help of business consultants in assessing the plan as a whole would be most helpful. It is worth recalling here that the original intention to ask Coopers and Lybrand to help the ZSL with various aspects of the operational plan, especially marketing, was later changed, and their involvement has been limited to reviewing ZSLs finance department, examining the allocation of common costs between cost centres, reviewing the Ritblat report on Whipnade, and commenting on the presentation of the Society's annual accounts.

36912

Accordingly, the study team has devoted itself exclusively to the question of governance and the structure of management. It seems clear to us that if the Government is to continue revenue support for the Society, even if it were to be on a temporary basis only, it must have complete confidence in the management it is sustaining. I should say at this point that Professor Phillips, being not only a member of the study team, but also Secretary of the ZSL, has felt himself to be in a delicate position in discussing questions of governance. While he has commented constructively on our suggestions, he may therefore not be regarded as a formal party to them.

We begin from the view set out in the study team's preliminary report that the ZSL is a unique organisation in Britain if not the world, and that it is curious that such a national collection should be supported by a private society while many comparable institutions in other fields receive State funds. We also wish to underline again the inter-dependence of the ZSL's three constituent parts - the learned society, the Institute of Zoology and the collections.

Our recommendations on governance stem from two premises. The first is that the present structure of the ZSL is not appropriate for the introduction and implementation of the business procedures that we regard as essential if its financial performance is to be improved significantly. From the documents which we have seen from the Society, the Council itself seems to share this view. Our second premise concerns the post of Secretary, as it is at present constituted. We do not believe that it is sensible in today's world for the Secretary to be a part-time, unpaid Chief Executive. The ZSL is a substantial business, and it must be organised as one.

These two considerations lead us to conclude that the Society should appoint a Chief Executive to take charge of its affairs. We regard this as the most important of the steps we now recommend. We recognise that it may be difficult to find a person of the right calibre who would have the necessary experience and expertise on both the commercial and animal management sides and the sympathy for science that is clearly also desirable. However, we do not consider this problem to be insuperable. We believe that the appointment of a Chief Executive should be treated as a matter of urgency by the Society, since it may well take some time to get a suitable candidate in post. The Chief Executive should be instructed as a priority to develop the current draft plan into a practical business strategy, backed by budget projections based on a set of reasoned assumptions.

We do not consider it necessary to make recommendations on the organisation of the Society at senior management level below the Chief Executive - partly because this must depend on

the kind of person appointed to the latter post. We believe the present arrangements will need to be changed, but, whatever change is made, we believe that a new, professionally qualified, Finance Officer must be appointed, since it is essential that the Finance Department employs modern business methods and produces figures in which the Council and the Government can have confidence. We recommend that steps to make this new appointment be taken in conjunction with the Chief Executive as soon as he is appointed. This is an appointment which cannot wait, however, and if the Chief Executive is not quickly found the post of Finance Officer must be filled first.

While we believe the selection of a Chief Executive and new Finance Officer are of highest priority, we think it essential that these appointments are followed by changes in the governance of the Society to provide the right support and guidance for senior management. We believe the present arrangements, whereby the Council, supported only by advisory committees, takes responsibility for all three sides of the Society's activities, should be changed. The management, presentation and marketing of the Society's collections at Regents Park and Whippsnade have attained the scale of a medium sized business enterprise and they should be managed as such.

Our recommendation is that the Council should retain control of the professional and technical side of the learned society and the Institute, but that budgetary control of all sides of the ZSL, together with general management control of the exhibitions, should be delegated by the Council to a board of management. The new Chief Executive should be responsible to the Council through this board. This board would be constituted as a committee of the Council, but would possess a range of powers and responsibilities passed to it by the Council. We see these as covering the further development of the collections as a public exhibition, their marketing and their financing. We would expect that the Chief Executive would submit his annual budget and working proposals to the board and that they would monitor the performance of the exhibitions against the agreed operational plan. The board would meet monthly and report once, or at the most twice, a year to the Council.

We suggest that the board should not have more than eight or nine members, excluding the three Government representatives who could be nominated by the Council under the Charter, or up to twelve in all if the Government wished to exercise their rights of nomination. We think it might comprise the Treasurer and Secretary and the new Chief Executive, and two or three other fellows nominated by the Council, together with the Government's representatives if required. We believe it is important that two or three other senior officials of the Society should also be board members, but that the choice should be made by the Council on the advice of the Chief Executive. The choice must depend on the precise organisational structure adopted and the character of

the officers concerned. Probably the whole membership of the board should be agreed between the Council and the Government, so long as the Society is receiving Exchequer grant. Either the Treasurer or the Secretary of the ZSL should chair the board's meetings.

We have gone on to consider two important but subsidiary matters. We are aware that difficulties in establishing priorities may sometimes arise between the dual roles of the ZSL as a public exhibition and a scientific society and research institution. We think it likely that such difficulties will be infrequent, especially if the roles of the board, Chief Executive and other senior officials are clearly defined, and that common sense and good personal relationships will prevent or resolve most of them. If, however, disputes do occur, we recommend that the President, as representing the Council, should be called upon to arbitrate.

The study team have also considered the question of allocating costs between the ZSL as a learned society, the Institute of Zoology and the two collections. We think the aim should be for the Institute and the learned society to be financially independent of the gate revenue and related earnings from the collections. We recognise that there is a potential problem with the "core funding" of the Institute (i.e. the overheads) because such funding is not normally provided by Research Councils as an element in their grants. We consider that Government may well find the Institute's work of sufficient value to provide such funding as direct aid. In our opinion, a grant of this kind, because it would depend on quite different criteria, should be separate from the financial support required for the collections as a public attraction. We acknowledge, however, that there will be costs, or elements of costs, incurred by either the Institute or the collections, which do not stem directly from their main activities as research body or public exhibition. For example, the Institute provides considerable scientific and veterinary services and advice for the collections, and the latter provide important material for research. Accordingly, the arrangements for transfer pricing are important and we think that this aspect of ZSL's finances should be given particular attention. As we have already stated, we believe that for the purposes of financial management the Director of Science (who is responsible for the Institute) should account to the Chief Executive for the funds he disburses, but that in all professional and technical matters touching the Institute he should be completely independent and answerable only to the Council (through such Institute of Zoology Committee as the Council may appoint).

In conclusion, we recommend that the ZSL should now give priority to the establishment of a board of management, as set out above, and that the new body's first task should be the appointment of the Chief Executive and new Finance Officer.

The search for the right candidates could begin even in advance of the board getting under way and we would be willing to assist in drawing up job specifications if required. As we have indicated, the Chief Executive's first responsibility on his appointment will be the completion of the operational plan. This should include a statement of whether the ZSL can realistically aim to cover its costs (excluding Research Council funding to the Institute) and over what period of time this might be achieved, with the consequent grant requirements year on year. We repeat that Research Council grants and any Government core funding to the Institute should be clearly separated from financial support for the collections.

If the collections are to continue in being while managerial changes are made, it can only be through continued external financial support, and we see no practical alternative to this being provided by Government as an extension of the present arrangements, since the overdraft limits have been reached and cash flow could become critical early in the 1983/84 financial year. We recommend that such support be committed now for a further twelve months, but there will certainly be a need for further support for some years ahead, and faster progress could be made if there were injections of capital as well. It is difficult to believe that the Society could rescue itself by a national appeal in a period of recession.

We do not consider the enforced sale of Whipsnade as a solution, since it could not take effect rapidly, would cause major disruption to the collections (and involve difficult ethical issues over the disposal of endangered species), would impair valuable scientific and conservation work and would remove the sole asset against which the Society can secure its borrowing. Much of the proceeds of such a sale would therefore be likely to go towards clearing the overdraft, leaving the trading position at Regents Park little better. Moreover, we regard Whipsnade as a possible major public attraction with a positive contribution to make to the future and we think it would be a short-sighted policy to forfeit this potential.

We have considered the consequence of refusing any further assistance to the ZSL. In our view, if the Government simply abandoned the ZSL, it would be forced into bankruptcy within a short time. Such a development would bring even worse problems than the enforced sale of Whipsnade. Setting aside the public outcry and political pressures, Government would be left with the management of the land and buildings in Regents Park, which would revert to it and mostly could not be used for any other purpose. The animals would need to be fed and cared for pending their disposal, and this would impose unavoidable costs. The market for many species is limited: some are rare, endangered creatures requiring special conditions, while their destruction would bring international condemnation. We believe the prospects do not bear further elaboration.

OK
T.M.S.
L.M.S.?

Accordingly, our proposal is for a one year, cash-limited grant extension without prejudice to the remainder of the plan and negotiation between Government and Council of such continuing support as may appear necessary in the light of the business plan which is finally endorsed after the appointment of the Chief Executive.

The study team and I stand ready to meet and discuss these conclusions with you and your officials if you wish to do so.

Yours sincerely

L. Gibson

Lord Gibson

ZOOLOGICAL SOCIETY OF LONDON: THE OPERATIONAL PLAN

The centrepiece of the Operational Plan is the presentation of two alternative strategies for the development of the ZSL in the years 1983/86. The implications of these strategies are pursued in relation to the Society's various activities and in particular to the collections at Regent's Park and Whipsnade. Other sections of the Plan deal specifically with the question of disposing of Whipsnade and attempt to present the ZSL in an international context by a brief comparative review. The Plan shows that in all events the Society will be dependent on government grant, for revenue if not capital support, for the foreseeable future.

Plan 1

Plan 1 is based on a continuation of operations on the same scale as in 1982, with an allowance for 5% inflation (reflected inter alia in admission charges). The only new expenditure relates to modest increases in the budgets for advertising and interpretation (labelling, signs and information for the public). Some minor improvements will be made in animal presentation and some small-scale enhancement of existing exhibits will be attempted, but these 'will have to be on a makeshift, and therefore unsatisfactory' basis. Attendance levels will accordingly move up only slowly:

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Regent's Park	1,027,000	1,075,000	1,150,000	1,250,000	1,400,000
Whipsnade	346,000	375,000	410,000	440,000	450,000
Totals:	1,373,000	1,450,000	1,560,000	1,690,000	1,850,000

The ZSL conclude that 'This Plan will not begin to deal with any of the long-term problems, on which the achievement of financial viability depends'.

Plan 2

Plan 2 is set out in the form of a planning grid which shows the phased introduction of new exhibits and the improvement of existing ones, together with their costings. The grid also sets out other promotional proposals and the numbers of new staff needed, both professional and volunteer.

Regent's Park. Priority will be given here to the modernisation of visitor facilities, including a new Main Entrance and Orientation Centre (containing an introduction to the Zoo and its work), the upgrading of catering facilities and the provision of new and improved retail outlets. Later development proposals will tackle the remodelling of the Mappin Terraces and the building of new aviaries for non-tropical birds. In addition, extra sums will be provided to fund a phased programme of maintenance work which has become necessary over the past few years. The Society will also undertake a study of the possible computerisation of their accounts. About 20 extra staff will be taken on (including eight seasonally employed keepers), but seven of these will work specifically and full-time in the Education Department and the Institute of Zoology.

Whipsnade. The initial improvements proposed cover new interpretations of some exhibits; landscaping; new car parks; and the upgrading of some existing presentations. The major new capital development is the construction of a Family Centre, providing facilities similar to the Orientation Centre at Regent's Park. A specific sum for arrears of maintenance has again been provided. Nine extra staff would be needed, eight of whom would be seasonally employed keepers.

Income. The ZSL anticipate that as Plan 2 was implemented, visitor numbers would improve more rapidly than under Plan 1: admission charges and costs have again been calculated on the basis of a 5% inflation rate.

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Regent's Park	1,027,000	1,100,000	1,250,000	1,450,000	1,700,000
Whipsnade	346,000	375,000	450,000	525,000	600,000
Totals:	1,373,000	1,475,000	1,700,000	1,975,000	2,300,000

Plan 2 is the ZSL's favoured option for the re-establishment of its freedom from deficit financing by Government.

Financing

The ZSL's estimates of their financial requirements are contingent

on the continuation of their overdraft with Drummonds Bank at its present limit of £1.8m. The financial performance of each sector of the ZSL's activities is estimated quarter by quarter over the three year period and together with the capital requirements arising from Plan 2 suggest the following scale of grant funding:

		<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>Total</u>
Plan 1	(Revenue	£1.9m	£1.75m	£1.5m	£5.15m
	(Capital	-	-	-	-
	(Total	<u>£1.9m</u>	<u>£1.75m</u>	<u>£1.5m</u>	<u>£5.15m</u>
Plan 2	(Revenue	£2.65m	£2.53m	£1.85m	£7.03m
	(Capital	£1.04m	£6.70m	£7.04m	£14.78m
	(Total	<u>£3.69m</u>	<u>£9.23m</u>	<u>£8.89m</u>	<u>£21.81m</u>

In addition to the capital requirements outlined in Plan 2, the ZSL state that further development proposals have already been sketched beyond the timeframe of the Operational Plan. These proposals would depend on the Department leasing to the ZSL an additional 10 acres of Regent's Park as permitted under the Crown Estate Act 1961. 'This extension would call for further resources for capital spending' says the Plan 'part of which, it is hoped, could be raised externally'.

As requested by the Government, the ZSL have examined the scope for cutting their costs, but they conclude that over the past few years, expenditure has been cut to the extent that no scope for further economies exists; and that economic viability can only be attained inter alia by increasing staff numbers, with the consequent additional costs.

Other matters

Marketing. From the market research conducted at Regent's Park and Whipsnade last summer, the ZSL conclude that their target visitors are families with children, and their marketing will be directed to such groups. Plan 2 provides for the appointment of a Group Sales Executive to market Regent's Park more energetically to tour operators, since overseas tourists form an important component (35%) of the visitor numbers there.

Access. It is proposed to enlist the support of the Department of Transport in reviving the bus link along the Outer Circle from Baker Street; and to approach DoE again over the provision of parking facilities and adequate signposting in the Regent's Park area.

The Learned Society and the Institute. No substantial changes are planned to these bodies under either Plan 1 or Plan 2. The section on the Learned Society includes proposals for a study of the idea of a Friends of the Zoo organisation, although in his introduction Lord Zuckerman considers that as a fund-raiser such a group would only be a 'long-shot'.

The disposal of Whipsnade. As requested by the Government the consequences of disposing of Whipsnade are considered. A report by Coopers & Lybrand casts doubt on the valuation of £2m placed on Whipsnade by Ritblats last year, and states that a more accurate figure would rest between £1.3m and £2m. Coopers conclude that although selling Whipsnade would help to alleviate the ZSL's present and projected deficit, receipts from the sale would be largely pre-empted by disposal costs, redundancy payments and the possible need to repay a large part of the overdraft once the security of the estate was no longer available to the Bank. To these arguments, the ZSL add the importance of Whipsnade as a conservation centre and back-up resource to Regent's Park, and the commercial potential of the site highlighted by the study team. The ZSL conclude that the disposal of their only freehold asset would be a retrograde step.

The ingredients of recovery

While the Operational Plan does not state explicitly that Plan 1 will not provide the route to recovery, it is clear the ZSL feel that only substantial capital developments can in the long-term free the Society of Government grant. Thus Lord Zuckerman in his introduction states that 'All 'zoo' experience, and our own in particular, shows that new developments count most in attracting visitors..... We have got to proceed immediately to the next major attraction'.

In comparing the two Plans, Lord Zuckerman concludes:

'It is estimated that attendances at Regent's Park and Whipsnade

would improve under Plan 1 to the point where our deficit on operational costs at March 1986 would have been reduced by about £400,000 compared with that for 1983/84. The reduction under Plan 2 would be some £800,000 with the new developments that would be completed by the end of the three years under consideration. The impact of these developments would have a much greater effect from April 1986 onwards, when the deficit on operating costs should fall rapidly. With the improvements in the general economy that are anticipated, it is to be expected that the financial state of the Zoological Society of London would continue to improve.'

The capital schemes outlined in Plan 2 have been selected for their propensity to enhance the visitor-appeal of the two zoos. While minor improvements, combined with a more energetic marketing and promotion campaign (Plan 1) will have some effect on attendance, it will be necessary to offer visitors something new and attractive to see if they are to be attracted to the zoos in larger numbers. The Operational Plan offers no 'third way' between Plans 1 and 2, but it is implicit here that the ZSL consider any proposals aimed at restoring their viability should include a large capital component.

11 5 APR 1963

APR 12 3
9 8 7 6 5 4

Adv. Coler - to see
No pandas. No
ack necessary, I think
FERS

Prime Minister ^{Galt 2} March

Ref: A09481

11.9
Yes - I would.
The history of
pandas in
the month?

A bit passe', but
no doubt you would not look
a gift horse (or even panda) in
the month?

MR. BUTLER

FERS
14.9.

When the President of the Zoological Society in London, Lord Zuckerman, was in here on other business recently, he reminded me of the London Zoo's need for a fertile female Giant Panda.

2. The Chinese presented a pair of Pandas to the British people about 8 years ago (at the time of Mr. Heath's visit to China). As it turns out the female of that pair is highly unlikely ever to breed. The male has, on the other hand, proved his fertility. The London Zoo would clearly like to have a fertile female and, in due course, a baby Panda.

3. I think that Lord Zuckerman hopes that, if the Prime Minister were to be offered a female Giant Panda for the British people she might feel able to accept it.

Approved by
Robert Armstrong
and signed in his absence.

14th September 1982

East March 2



Prime Minister

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

A handwritten signature in dark ink, appearing to be 'MH'.

30 July 1982

Dear Secretary of State

LONDON ZOO

Thank you for your letter of 21 July.

The question we have to ask ourselves is not whether we wish to help the Zoo to survive, but whether we wish to do so at any price. In this regard I am still extremely concerned at the financial implications of the arrangement you are proposing. You say that the Zoo should receive a transitional grant, conditional on their acceptance of an Operational Plan, designed specifically to take them to financial viability. But however the Plan is drawn up, judgements as to the path to financial viability must involve great uncertainty. Indeed, viability might never be attained.

As to capital expenditure, I note that the authors of the Report consider that in the medium term only small low-cost improvements are necessary; but it must be on the cards that any Plan will specify some radical steps involving considerable sums of capital, of a kind well beyond the scope of private donations to finance.

In view of the major uncertainties I could not possibly agree to a proposal under which the size and duration of Government support were predicated entirely on the outcome of a set of recommendations contained in a plan, the nature of which is as yet unknown. At the same time I recognise the difficulties, to which the Prime Minister has drawn attention, of withholding all assistance while such a plan is being prepared.

In the circumstances I am prepared to agree to such further assistance to the Zoo as will enable them to prepare the Operational Plan. I suggest that our officials should consider urgently how best this might be done at minimum cost to the Government. I would expect any additional sums to be limited to the current financial year and to be found from your Department's existing provision.

We must remain absolutely free to consider the Plan on its merits with no commitment as to further financial assistance. To this end I regard it as essential that one of the major objectives of the Plan should be to draw up detailed financial forecasts on a range of realistic assumptions about the determinants of the Zoo's cash flow and requirements for external finance over, say, the next five years. One of the options to be considered should be the disposal of Whipsnade.

I agree with your proposals for improving the management of the Zoo and note that the question of the relationship between the President and Treasurer of the Society and the paid officials will be one of the matters to be considered by the study team in the next phase of their work.

I suggest that the team be asked to report by the end of the year. We can then consider any next steps in the light of the Plan that emerges.

Perhaps you could let me know whether you are prepared to proceed on this basis.

I am copying this letter to the Prime Minister, to Arthur Cockfield and Keith Joseph and to Sir Robert Armstrong.

Yours sincerely

T. Matthews

for LEON BRITTAN

[Approved by the Chief Secretary
and signed in his absence]



Prime Minister:

Gaet Muck

2 MARSHAM STREET
LONDON SW1P 3EB

You have

expressed the view that
we shall have to keep
the Zoo going. Mr Heseltine
later proposes a method.

My ref:H/PSO/14935/82

Your ref:

21 July 1982

See letter

TB
22/7

mt

LONDON ZOO

Thank you for your letter of 7 July about the future of the Zoological Society of London. I have also seen the letter of 12 July setting out the Prime Minister's views.


It is common ground between all of us that we wish to see the Zoo on a sound financial footing as soon as possible. However, I am afraid I do not think the course of action you outline is the best way of achieving this. My feeling is that we have to grasp the nettle and ask our-selves whether we wish the London Zoo in anything approaching its present form to survive. I believe we do. If this is so, we must be ready to accept the expert advice of the study team; namely, that the ZSL should receive a transitional grant, but that this should be made conditional on their acceptance of an Operational Plan designed specifically to take them to financial viability. This would not be a blank cheque to support the Zoo whatever the outcome of the plan. Nor should it involve finding further substantial sums for capital investment - the study team make the point (para 31 of the Report) that in the medium term only small low-cost improvements together with some landscaping works, are necessary for the two Collections; and there have been indications that some sizeable private donations might be forthcoming for capital works once the Zoo's future is assured. It would however be disingenuous of me to be any firmer than the study team in stating the total grant which the ZSL will require. The amount of support will be dependent on the gate receipts of the 2 zoos, and these in turn will be determined by such variables as the weather, the exchange rate and the general state of the economy, none of which are susceptible to accurate forecasting.

The study team looked very carefully at the question of cost-cutting, and their advice is that the scope here is very limited. I agree with them that it would not be right to sell off Whipsnade. Quite apart from the very valuable conservation and scientific work done there, Whipsnade is a potentially profitable asset; indeed, its revenue receipts for the year to date have grown much faster than those from Regent's Park. There is also the point that Drummonds, the ZSL's bankers, hold Whipsnade as a security against their overdraft, and would no doubt wish to reclaim their share of the proceeds from an enforced sale. This would not leave much to help the ZSL through the next 2 or 3 years.

I do agree with you about the quality of past management at the Zoo. The Council of the ZSL has already acceded readily to the need for changes here, but in my view continued Government involvement will be essential to ensure that the proper changes are made. The first priority is an able Chief Executive to head up the organisation, and then a properly qualified Finance Director. I would want to be directly involved in the appointment of both. Fortunately, Lord Zuckerman has already accepted that so long as the Government is involved in the Zoo's affairs the appointment of a new President and Treasurer of the Society should be agreed with me. These two honorary appointments will be made next Spring and I think it is most important not only that we get the right people in them, but also that they are given clear and efficient reporting lines between them and the paid officials; and this question, touching on the governance of the ZSL, will be one of the matters considered by the study team in the next stage of their work.

For all these reasons, I hope that you will feel able to reconsider the arguments and accept the advice of the study team. I can then get Pat Gibson and his team to work on the Operational Plan with the intention that its implementation can be started before the winter season - and before the deficit at the Zoo begins to mount again. I would welcome an early work and am asking my office to fix with yours.

I am copying this letter to the Prime Minister, to Arthur Cockfield and Keith Joseph and to Sir Robert Armstrong.

you can


MICHAEL HESELTINE





de B
Cart Mail

10 DOWNING STREET

From the Private Secretary

12 July 1982

LONDON ZOO

The Prime Minister has seen the Chief Secretary's letter of 7 July and that of the Secretary of State for the Environment of 22 June. She very much supports the Chief Secretary's aim of placing the Zoo on a sound financial footing as soon as possible. Given the position of the Zoo in British national life, however, she considers that there may well have to be a further interim grant for the period until the Operational Plan can be brought into effect.

I am sending a copy of this letter to Imogen Wilde (Department of Education and Science), David Edmonds (Department of the Environment), Jonathan Rees (Department of Trade) and David Wright (Cabinet Office).

TIMOTHY FLESHER

T.F. Mathews, Esq.,
H.M. Treasury.

Prime Minister:

4



The Chief Secretary has taken the news that news that limited support for the Zoo has been used up, no further support should be forthcoming; the Zoo should be made to put its house in order. All the makings of a cause celebre here! Await Mr Heseltine's reaction?
7 July 1982

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

Dear Michael,

I don't think we can if
Cairns follows the bank
govt. course of action. The Zoo is

LONDON ZOO

Thank you for your letter of 22 June, with the Report of the three-man team who have been looking into the affairs of the Zoological Society of London.

a British institution. I think there will have to be

I read this report with growing alarm. It does of course confirm our worst fears of an institution whose management has been quite unequal to the task of running their business in the face of modern economic and social realities.

a further interim grant

In my letter to you of 4 February I said that we need to know, quickly, whether the Zoo can be made into a financially viable organisation. With due respect to the authors of an interesting and informative report, this question has not yet been answered.

As the report says, viability could only be achieved by a much improved marketing and promotional effort, whose effectiveness could only be demonstrated over a reasonable period during which continuing Exchequer subsidy would be necessary. The Report, with commendable honesty, says that a precise estimate of the subsidy necessary cannot be made without further work, but that it will "obviously be of the order of £3-4 million, excluding any major capital expenditure". (This last qualification is not carried through into the summary of recommendations. It seems clear from the report, however, that major capital expenditure would be essential to restore the attraction of the Regents Park Zoo to the public).

We are therefore faced with the prospect of finding finance of an amount at present unknown but likely to amount to several million pounds to absorb the Zoo's cumulative deficit, together with a further substantial sum for capital investment. Even after support on this scale there must be a very serious question as to the Zoo's ability to regain its financial feet without continued revenue support.

You are now proposing that further work should be done to develop a detailed Operational Plan for the Zoo. At the same time you say that, once we commit ourselves to this second stage, it would be impossible for the Government to refuse the further assistance necessary to keep the Zoo going. Obviously I could not agree in such circumstances to any further support whatsoever. It would be tantamount to signing a blank cheque, now, to support the Zoo whatever the outcome of the Plan and whatever its implications might be in terms of the need for bridging finance, capital grant and continuing revenue support thereafter. No Government could be expected to sign up on such a deal.

M
I believe the time has come to tell the Zoo quite firmly that they cannot expect any further financial support from the Government beyond that already agreed. I would have been, exceptionally, prepared to waive the requirement that the Zoo should repay the £400,000 balance of the grant as you requested. But I now understand that the latest (unaudited) returns from the Zoo indicate that their overdraft at 18 June was such that the full amount of grant was needed to keep it within the limit set by their bankers. If it would help the Zoo I should be content for your department to assist in the preparation of the Operational Plan, on the clear understanding that no further financial support would be forthcoming.

If this forced the Zoo to contemplate radical solutions to secure their future, so much the better. I note, for example, that consideration was given in the Report to the disposal of Whipsnade Park, whose current market value was assessed at £2 million. I think it would be quite wrong, in view of the Zoo's self-inflicted financial plight, that such promising options should be discounted.

In short, I believe you are right that if we postpone decisions on financial assistance until after the Operational Plan is completed, the pressure of events will make it difficult, if not impossible, for us to avoid a continuing and costly commitment. If, however, we state now, unequivocally, that no further government assistance is available we can avoid any subsequent commitment of a kind we might deeply regret.

I should be glad to know if you are content to proceed on this basis.

I am copying this letter to the Prime Minister, to Arthur Cockfield and Keith Joseph and to Sir Robert Armstrong.

Y
W
L
LEON BRITAN

-8 JUL 1962





Prime Minister

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

22 June 1982

LONDON ZOO

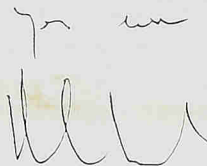
At the beginning of February, we agreed that the financial position of the Zoological Society of London was serious enough to warrant an urgent investigation. A three-man team, jointly sponsored by my Department and the Society, has been looking at the Society's affairs since then and their Report is attached. A summary of their recommendations is also annexed for reference.

You may recall that the original intention of the study was to produce proposals for a long-term strategy for the ZSL. I am not surprised that in the 4 months available it has proved possible only to clear the ground for working up a firm Operational Plan, and to identify the main elements it should contain. My view is that the study team have done a very creditable job and have provided us with a clear basis on which to move forward to the second stage which they have recommended. This would be undertaken over the summer, when there would be no immediate need for further Exchequer subsidy. The aim would be that this work should be completed and the Operational Plan submitted to Ministers collectively in time for decisions to be taken before the Zoo starts going again into deficit in November or December. However, it does seem likely that under the existing grant rules £400,000 of the grant already made to the ZSL will have to be repaid. I wonder whether you would feel able to waive this. Otherwise the time when a fresh financial crisis arrives will simply be brought forward to October or even September - before the 'Operational Plan' could be completed. I think you may agree that it would be far preferable for that document to be to hand before any demand for further Government payment arose.

The study report has identified scope for some limited cost-cutting, but this is clearly not going to be sufficient by itself to restore the ZSL's viability. The study team are firm that this can only be achieved by a much-improved marketing and promotion effort, and that the effectiveness of this can only be demonstrated over a reasonable period during which a continuing Exchequer subsidy will be necessary. This time would also be necessary for the Society to effect the organisational and managerial changes designed to safeguard its future. Final decisions on the precise amount of grant necessary and the time required to restore the ZSL's viability can be left until later this year, but I think we should be in no doubt that once we commit ourselves to the second stage of the study it would be quite impossible for the Government to refuse to provide the further assistance necessary to keep the Zoo going. The real issue for us both will then be how best to minimise the ultimate cost to the Exchequer.

I should however stress that any further aid to ZSL would be made conditional upon my being satisfied that the ZSL itself was unreservedly committed to the implementation of the Operational Plan. Their Council, who have been shown the Conclusions reached by the study team, have already stated that they are ready to play their part in the preparation of the Plan. I am sure their support will be encouraged by my proposal to invite Pat Gibson to preside over the next stage of the work, assisted by the 3 members of the present study team and by consultants they would engage (and whose costs I would be prepared to share with the ZSL as before). I need to get Pat Gibson and his group to work urgently and I would be grateful if you would let me have your early reactions to these proposals.

I am copying this letter to Arthur Cockfield at Trade, Keith Joseph at Education, and in view of the Prime Minister's past interest, No 10.

A handwritten signature in dark ink, appearing to read 'Michael Heseltine', with a stylized flourish at the end.

MICHAEL HESELTINE

STUDY OF THE ZOOLOGICAL SOCIETY OF LONDON: SUMMARY OF RECOMMENDATIONS

- 1) The ZSL should be preserved as an entity, since its functions as a learned society, a research and veterinary institute and a public exhibition are all interdependent.
- 2) The four month period of the study has been insufficient to establish definitively whether the ZSL can become financially self-supporting in the long term. However, the study team feel there are grounds for proceeding to the preparation of an Operational Plan and for a review of the organisational and managerial structure of the ZSL. This work, and the implementation of its resulting recommendations, will take at least three years; and the study team recommend that a continuing grant be paid to the ZSL during this period, amounting in total to an estimated £3m - £4m.
- 3) Areas of possible savings exist and should be looked at as a matter of urgency but are most unlikely to eliminate more than a small part of the current deficit. The question of disposing of Whipsnade, in order to repay the ZSL's overdraft, has been looked at in particular, but the study team believe that it offers sufficient potential as a net revenue earner to justify its retention.
- 4) No major capital works are needed in the short term, although there is a need for some reorganisation of the sites at both Regent's Park and Whipsnade and new attractions will need to be developed later. The main effort in the next few years must be in promoting and sustaining a proper marketing strategy, which has been virtually absent hitherto, and in improving the presentation of the collections in many minor ways. Much of the Report is given over to suggesting ways in which this might be achieved. Additional forms of revenue generation - through the promotion of Animal Adoption and Friends of the Zoo schemes - are also suggested.
- 5) The ZSL's finance and accounting methods are frankly inadequate, and a radical revision of procedures is proposed.

6) The excellent work of the Institute of Zoology is acknowledged: any proposals for change in this sphere should await the outcome of the study being carried out by a working party of the Advisory Board for the Research Councils.

7) The learned society should budget to cover its costs more fully.

8) The ZSL's relationship with the Department is a special one, because of the position of London Zoo in a royal park. There may be ways in which the Department could help the ZSL in the provision of adequate car parking and in the landscaping of the site.



Department of the Environment and
Department of Transport
2 Marsham Street London SW1P 3EB

01-212 7390

Chief Scientist and Deputy Secretary
Dr M W Holdgate CB

2 June 1982

To: The Permanent Secretary
The President

Department of the Environment
Zoological Society of London

.. Last February, you jointly asked us to conduct a study of the Zoological Society of London and to look particularly at the likelihood of it becoming self-financing once again. A copy of our confidential draft report is attached.

2. We must stress at the outset that the timescale on which we had to operate was not sufficient for us to produce definitive conclusions. What we have sought to do in the time available has been firstly to look at those aspects of the ZSL's activities - chiefly in the fields of finance and accounting and marketing and promotion - where the problems have been most manifest and where the need for action is most pressing; and secondly to suggest the next steps that should be taken.

3. Because of the shortage of time, we have not been able to take evidence from the wide range of people and organisations that in our view could reasonably expect to express an opinion. We have not even met the Officers and Council of the ZSL in any formal sense. We thus feel that this report should be treated as an interim document. We believe, however, that it does provide a sufficient foundation for two main recommendations:-

- a) it is our belief that there are prospects of financial viability or near-viability for the ZSL. This will be achieved largely by better marketing, although we believe that there is some scope for economies. We believe these prospects are good enough to justify the injection of further public money in the form of a transitional grant which we believe will need to extend for at least three years and might total £3 - 4m.
- b) that as a first and vital step on the path to viability, an operational plan should now be drafted, defining in more concrete form the measures required and the framework of future management.

4. We should be happy to discuss these and our other recommendations with you.

5. Finally, because of its inadequacies and the commercial sensitivity of the subject-matter, we stress that we do not advise the publication of this report at this stage.

CHORLEY

M W HOLDGATE

J G PHILLIPS

THE ZOOLOGICAL SOCIETY OF LONDON

A REPORT ON A PRELIMINARY EXAMINATION OF ITS AFFAIRS

I. INTRODUCTION

101. In 1981, Lord Zuckerman, President of the Zoological Society of London, approached the Government to seek financial assistance. The need arose because of many years of falling attendances at Regent's Park and Whipsnade Park and mounting deficits, the latter amounting to £1.152m in 1981, and the inability of the Society's Bankers to countenance overdraft facilities in excess of £1.8m - a sum likely to be reached at the end of 1981 or early in 1982.

102. The patterns of attendance since 1961 are shown graphically in Figure 1. In essence the position is:

Regents Park Zoo

- (a) From 1960 to 1973 attendances at Regent's Park oscillated between a peak of 2.1 million in 1965 and the lowest figure of 1.6 million in 1962. Since 1973, attendances have declined steadily each year, the sharpest fall being in 1981 when there was a decline of over a quarter of a million compared with 1980. Over the period from 1973 to 1981, overall attendance levels at Regent's Park have virtually halved (-48.5%).

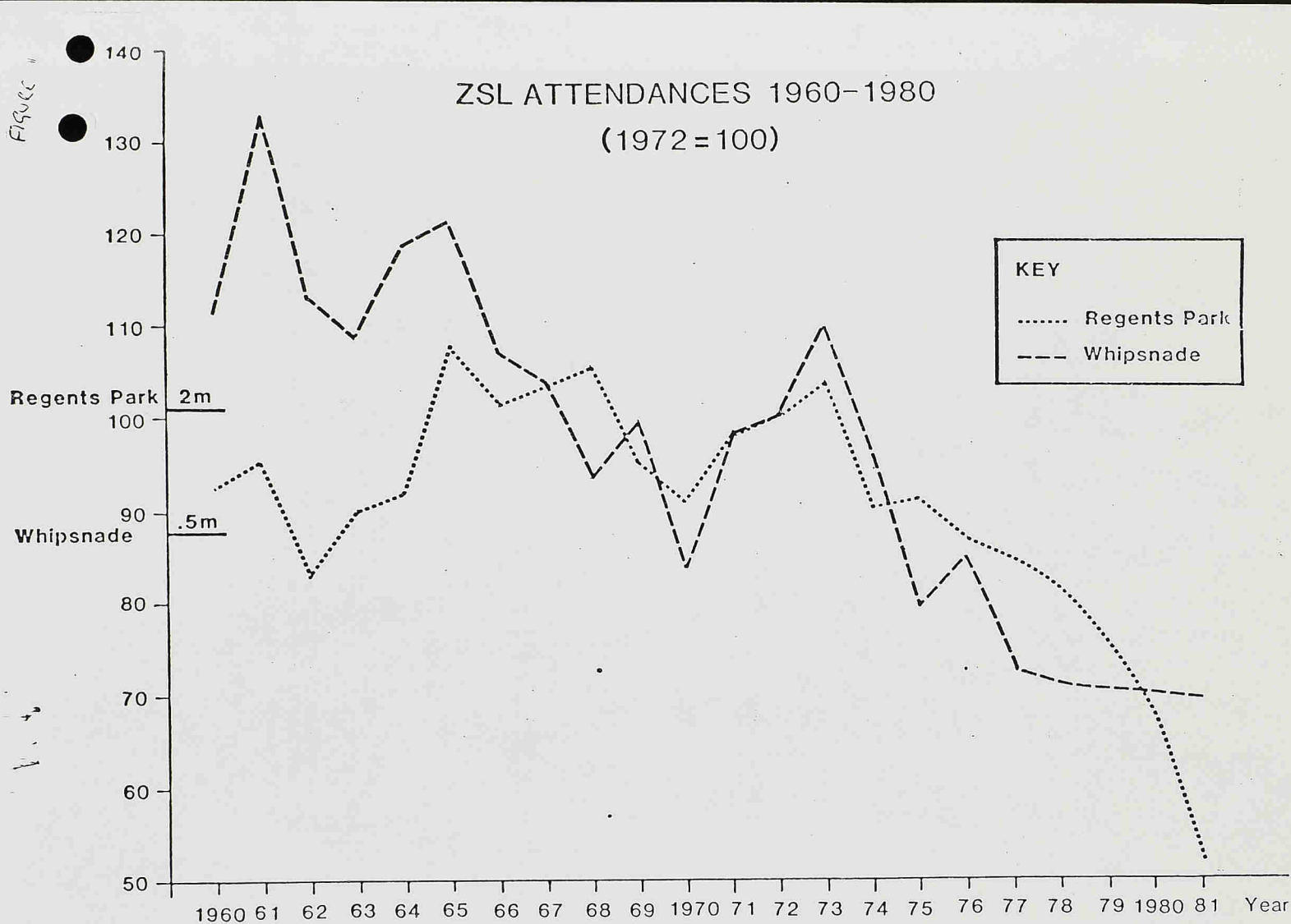
Whipsnade Zoo

- (b) Attendances at Whipsnade peaked in 1961 at about 758,000 and declined thereafter to 415,000 in 1973. Since 1977 visitor numbers have levelled off at about 400,000. In 1981 the figure was 392,353 which means that overall attendances at Whipsnade since 1973 have declined by about 37%.

103. It was agreed that before any decision was taken the Department of Industry's Accountancy Services Division should carry out a quick factual study of the Society's finances. Their report, submitted on 24 December 1981, concluded that the Society was indeed suffering from a serious lack of funds, and that there was little likelihood that the position would improve within the next three years unless there were changes in operations or in the financial arrangements. If nothing were done, the overdraft at 31 December was predicted to rise from £1.8 million in 1981 to £3.2m in 1982, £5.1m in 1983 and £7.4m in 1984.

104. Recognising the importance of the Zoological Society as a national institution, a major London amenity and an important tourist attraction, the Government agreed to provide limited financial assistance. On 18 February 1982 the Secretary of State for the Environment, announcing this decision, made it clear that this grant was to be 'of an amount sufficient to keep it' (ie the Society)

Figure #



Regents Park

2m

Whipsnade

.5m

Source : ZSL

'in funds, having regard to available bank overdraft facilities, for a short period during which a study will be conducted with the utmost urgency into whether the Society can be made viable in the longer term.' The Secretary of State went on to emphasise that 'the possibility of further Government assistance at the end of the period will be for consideration in the light of the findings of this study.' A full text of the Secretary of State's announcement is at Annex A.

105. This was not the first time that the Government had provided financial assistance to the Society. In 1964 there was a grant of £250,000 and a loan facility of a further £250,000 (taken up in 1966). In 1969 an external loan of £375,000 was guaranteed on conditions which included bringing in management consultants to examine the financial structure and overall management of the Society. Following that review, the Government waived the 1964 loan, made a grant of £650,000 to allow the Society to repay its short-term debts, and undertook to provide assistance of up to £700,000 over five years towards the rebuilding programme.

106. Terms of Reference for the 1982 study, which was to be jointly sponsored and financed by the Government and the Society, were agreed between the Department of the Environment and the Council of the Society as follows:

- (i) To consider the future of the Zoological Society of London and its prospects of becoming self-supporting, and in particular to consider, taking account of the Society's present and prospective finances, organisational and managerial issues including:
 - (a) The scope for increasing the revenues of the Regent's Park and Whipsnade Park zoos as institutions of public amenity and enjoyment within the limitations imposed on the former by its location in a Royal Park.
 - (b) The commercial and wider implications and desirability of disposing of Whipsnade.
 - (c) The financial and other implications of separating both or either zoos from the rest of the Society's activities and of placing them under different management.
 - (d) The possibility of associating the Gardens and their related activities as educational facilities with corresponding national institutions.
 - (e) The optimal arrangements for the future of the Institute of Zoology, with particular reference to the prospects of financial self-sufficiency and the possibility of incorporation within one or more research councils.
 - (f) Subject to the answers to (a), (b), (c), (d) and (e) the need for any consequential changes in the Society's Royal Charter.
 - (g) The lessons which might be learned from the experience, financing, and methods of management of other national, as well as leading civic zoos.

- (ii) To report by the end of May 1982, and in particular to recommend what, if any, options hold out a prospect of the Zoo becoming self-supporting in the long term, and what, if any, measures would be needed in the short-term to achieve this.

107. Because of the urgency of the situation and the need for interim decisions to be taken early in the summer of 1982, the study began in March 1982 and has been conducted by a 3-man team:

Lord Chorley FCA,	A Partner in Coopers and Lybrand
Dr M W Holdgate, CB	Deputy Secretary, Department of the Environment (and a Scientific Fellow of the Zoological Society);
Professor J G Phillips FRS,	Secretary of the Zoological Society (since May 1982)

Mr M A L Ross of the Department of the Environment was appointed to act as Secretary of the study, and Coopers and Lybrand were engaged to support Lord Chorley and to conduct an analysis of the Society's financial, managerial and marketing methods. The present Report should be regarded as an initial assessment, designed to clarify the present situation and define the issues that must be addressed if a long-term solution is to be found.

108. The use of certain terms in the Report must be defined at the outset. The 'Zoological Society of London' (abbreviated 'ZSL') is here used to describe the Charter body which, through its Council, controls the wide range of activities described in later sections. 'The Society' means the learned Society of Fellows and Associates whose functions are defined in the Royal Charter and Byelaws. 'The Institute of Zoology' (abbreviated as 'The Institute') means the research institution formed in 1977 by the merger of the Wellcome Institute of Comparative Physiology, the Nuffield Institute of Comparative Medicine and the ZSL's Animal Hospital and Research Units. 'The Collections' means the two collections of animals, together with the land and buildings housing them at Regent's Park and Whippsnade Park, where these are discussed together rather than under their separate names.

109. Part II of this Report is a brief description of the history, membership and organisation of the ZSL. Part III examines the marketing of the Collections as a public attraction and consequent generator of revenue. Part IV deals with finance and accounting matters and Part V with other issues. The Report ends with a set of conclusions and recommendations which we regard as providing a basis for an essential second stage of the analysis, leading to the preparation of a corporate plan for the ZSL and to decisions on the future governance of its affairs.

II. THE ZOOLOGICAL SOCIETY OF LONDON AND ITS COMPONENT ACTIVITIES

A. THE CHARTER, COUNCIL AND FELLOWSHIP

201. The Zoological Society of London was founded in 1826 and received its first Royal Charter on 27 March 1829. Its current Royal Charter was granted on 15 January 1963. Under this Charter the objects of the ZSL are stated to be 'the advancement of zoology and animal physiology and the introduction of new and curious subjects of the animal kingdom'.

202. It is important to recognise the strongly scientific thrust of these objectives. The advancement of zoology and animal physiology is brought about by scientific research, the dissemination of its findings (including their promulgation in education and public information) and their practical application in medicine, agriculture or animal husbandry. The entertainment of the public is not a specific Charter function of the ZSL, and is only justifiable under the Charter as one means of 'advancement of zoology'.

203. This stress on science has characterised the ZSL throughout its history. As the 1981 Annual Report puts it: "The Society was formed as a scientific society and this remains its prime purpose". Scientific meetings to discuss zoological topics began in 1827. The collection of living animals at Regent's Park (opened to the Fellows of the Society in 1828) and the museum of dead specimens which the ZSL maintained until 1855 when it was transferred to the Natural History section of the British Museum, were designed as an adjunct to research. A farm at Richmond, purchased in 1829, was intended for the breeding of species which might become domesticated, thus expanding the range of animals directly used by man from the handful taken from the wild in prehistoric times. Whipsnade Park, opened in 1931, has from the beginning been a place where the breeding of wild species has had high priority, and the scientific work of the ZSL was further strengthened with the foundation of the Wellcome Institute of Comparative Physiology and the Nuffield Institute of Comparative Medicine at Regent's Park in 1964 and 1965.

204. The ZSL consists of the President, Treasurer, Secretary, Ordinary Members of the Council, Fellows and Associates. The government of its affairs rests with the Council. Under the Charter the Secretary is the principal executive. None of the officers is paid, and all serve in a part-time capacity. The byelaws are made by the Council but are subject to confirmation by the Fellows and certification by the Clerk of the Privy Council. The Council also has the power to make Regulations controlling matters not expressly required by Charter to be the subject of byelaws: present Regulations cover the procedures for Fellowship and Associates.

205. The Council consists of the three Officers and 18 ordinary members, and not more than three nominated members. The officers and ordinary members must be Fellows and are elected by the Fellows (or appointed by the Council to fill casual vacancies); the Officers serve

for specified terms and five ordinary members retire each year, according to length of service. The 18 ordinary members must include a minimum of 8 and a maximum of 10 Scientific Fellows and a similar number of Ordinary Fellows. The three nominated members do not need to be Fellows and may be nominated by the Privy Council, Government Ministers, Local Authorities and Universities. This provision had never been used. The composition of the Council as from 12 May 1982, is given in Annex B.

206. The Council meets 11 times a year, usually once in each calendar month except August. The meetings, held in the ZSL Offices at Regent's Park, are attended by the Director of Zoos, the Director of Science, the Assistant Director of Zoos and the Assistant Director of Science (Publications and General), while other senior members of staff are invited when appropriate. The Director of Zoos acts as secretary to the Council, preparing and circulating the papers and taking the minutes.

207. Council members' homes are scattered widely throughout Britain. For this reason an informal ad hoc Executive Committee, composed of 6 Council members living in or near London meets occasionally to deal with urgent matters. Although the quorum for a Council meeting is 5, this ad hoc Executive would not normally conclude action on a major item without referring it to a formal meeting of the full Council.

208. Under the provisions of ZSL's byelaws the Council may appoint committees to assist it in the discharge of its duties. Appointment to any such committees is not restricted to members of ZSL but may involve any person(s) thought by Council to be able to assist or advise a particular committee in its deliberations. However, no resolution of any meeting of a committee to which the Council has delegated any of its powers has any validity unless a majority of the members present at the meeting and entitled to vote are Fellows of the ZSL, or such a resolution is confirmed by Council. The minutes of all committees must be submitted to Council for consideration.

209. There are currently 10 official committees of Council:

- Gardens and Park Committee
- Finance Committee
- The Institute of Zoology Committee
- Animal Welfare and Husbandry Committee
- Education Committee
- Publications Committee
- Zoological Record Editorial Advisory Board
- International Zoo Yearbook Editorial Board
- Awards Committee
- Promotion Committee

210. The Gardens and Park Committee, Finance Committee and Animal Welfare and Husbandry Committee each have a certain measure of executive authority while the other 7 committees act in a wholly advisory capacity. The membership of all the Committees is listed in Annex C, which also includes notes on the role and purpose of each and the principal business transacted in 1981/82. The secretary of each committee is normally the appropriate senior member of ZSL's management staff.

211. There are 5 categories of membership in the ZSL: Honorary Fellows, Honorary Corresponding Members (overseas), Scientific Fellows, Ordinary Fellows and Associates. All are elected by the Council. Scientific Fellows must satisfy the Council that 'they are making, or have made, a contribution to the advancement of the science of zoology.' Ordinary Fellows are elected at the Council's discretion, subject to due proposal and secondment (waived for those who have been Associates for 7 years). Associates are also elected by the Council, who have discretion to refuse to elect, or to postpone election. The membership stood at 6803 in March 1982, divided among the categories as follows:

	<u>Number</u>	<u>Percentage</u>
Honorary Fellows	35	0.5
Corresponding Members (Honorary)	61	0.9
Scientific Fellows	1,171	17.2
Ordinary Fellows	1,222	18.0
Associates	4,314	63.4
<hr/>		
Total Membership at March 1982	6,803	100.0%

212. The nature of each category of membership is summarised in Annex D, together with details of the requirements and costs of taking up membership and the different privileges accruing to each category of member.

213. Movements in each category of membership since 1965 are summarised in Table 1 and, as that table illustrates, are dominated by the substantial increase in associate membership (+ 157%) that has taken place since 1965. The table further illustrates the comparative stability amongst the scientific fellowship (+9%) and the notable decline in the ordinary Fellowship (-47%). The absence of growth in the Scientific and Ordinary Fellowship is due largely, it is thought, to the absence of any promotional efforts aimed at boosting membership numbers. By contrast the significant growth in Associate Membership that took place mainly between March 1975 and March 1980, can be attributed to the significant promotional campaign undertaken during 1975, the 150th anniversary of the ZSL.

Table 1 : Movements in ZSL Membership Between 1965 and 1982

Category of Membership	March 1965		March 1970		March 1975		March 1980		March 1981		March 1982	
	Number	Index	Number	Index	Number	Index	Number	Index	Number	Index	Number	Index
Honorary (1)	157	100	136	87	121	77	108	69	99	63	96	61
Scientific Fellows	1,072	100	1,226	114	1,164	109	1,208	113	1,174	110	1,171	109
Ordinary Fellows	2,326	100	1,816	78	1,537	66	1,304	56	1,239	53	1,222	53
Associates	1,680	100	2,334	139	2,928	174	4,339	258	4,391	261	4,314	257
All Categories (2)	5,235	100	5,508	105	5,750	110	6,959	133	6,903	132	6,803	130

Notes : 1 - Includes Corresponding Members and ex officio Honorary Fellows;
 2 - The index for all categories has not been weighted.

Source : Zoological Society of London, Membership Office.

214. ZSL is like many other learned societies in its formal membership structure. However it differs from many organisations that run galleries, museums and zoos in that it has not had a "friends" membership, providing either special annual subscriptions or undertaking promotional and fund raising activities.

215. Although the category of associate membership has some features of a 'Friends of ZSL' group (membership within this category is available to most applicants over the age of 18 years, or 14 years if a suitable reference is provided and does not demand academic or other qualifications or nomination by existing members), the Associate Members are not involved in campaigning for the zoos.

We note that a Members Committee is now beginning to launch schemes that will enlist Fellows and Associates in the promotion of the ZSL's objectives, and we hope that a wider Friends organisation can be built upon this.

216. By comparison, it is interesting to note that the Royal Academy has a 'Friends' membership (both corporate and individual) of some 26,000, whilst national bodies such as the Royal Society for the Protection of Birds and the National Trust have 'Friends' memberships of some 350,000 and one million respectively.

217. Initially, the Fellows subscriptions (set at £3 in 1832) met the full costs of running the ZSL's affairs. But by 1850 the proportion of costs met from this source had fallen to 40%. The trend continued (partly because the subscription remained unchanged from 1832 to 1958!). The share met from subscriptions was about 25% in 1913, 16% in 1939, 6% in 1957 and under 2% in 1976. In 1981 the Fellows' and Associates' subscriptions and certain fees brought in £97,342 out of a total income of £4,104,308. It seems likely (although we have not been able to analyse this) that Fellowship subscriptions today do not even cover the costs of the services provided to Fellows through Journals, library services and free access to the collections and we believe that this question should be examined in depth.

218. The converse of this situation is the increasing dependence of the ZSL on the payment of the public at the gate. In the beginning the Collections were private, with non-Fellows only admitted to Regent's Park as guests or with a signed order of admittance. In 1847, the public was allowed entry on two days a week for a fee of 1 shilling (which also remained unchanged until 1942). Even as late as 1957 the public was excluded on Sunday mornings, thus depriving the ZSL of a substantial potential revenue. The move by the Council to admit the public was unsuccessfully challenged legally.

219. The ZSL thus remains by its Charter and by the strong scientific element in its Fellowship and Council, first and foremost a scientific institution. Its defenders argue that its contribution to the nation, and indeed to the world, stems especially from the research it undertakes and the scientific activities it supports, and that the two Collections should always be regarded as a part of this greater enterprise. The critics of the ZSL argue that this emphasis on science has contributed to the current financial problems because it has led to a conflict of interest between the promotion of scientific aims and the satisfaction of the wider public.

This is a central issue in our inquiry to which we return later in this Report.

B. THE LEARNED SOCIETY

220. As paragraph 203 explains, from its inception, the ZSL has, through its work as a learned Society, promoted the objectives of its Charter. To this end it conducts scientific meetings, and publishes the Journal of Zoology, the Transactions, the Symposia, the International Zoo Yearbook and the Nomenclator Zoologicus. The Zoological Record, until recently the responsibility of the Society, is now published jointly with BioSciences Information Service, an American scientific publishing corporation, but the editorial control remains with the Society. This represents a considerable range and scale of publication: the Journal of Zoology alone accounts for about 2,000 pages every year and is issued in monthly parts each containing some 8-10 papers. It is an international journal for original papers within the general field of experimental and descriptive zoology and is not intended as a house journal, so although, in 1981, ZSL staff published over 100 papers, the majority appeared in other specialized scientific journals. We have not examined the publishing activities of the Society - but we believe this needs to be done.

221. The Scientific Meetings were established to discuss zoological and physiological issues and research results and to receive reports on matters connected with zoology. Eight meetings are held each year and at every meeting a report is presented on recent additions to the Collection. Papers are invited from national and international speakers and also from ZSL staff. The Symposia are 2 day meetings, each concerned with a different zoological topic which may occasionally be an aspect of the Society's work such as veterinary care, research or the management of captive animals. Speakers eminent in their fields are invited to participate and the meetings provide an international forum for the discussion of current work.

222. Although the International Zoo Yearbook was published at a loss, other publications were shown in the published accounts as more than covering their direct costs in 1981 (receipts from sales of Journal, Transactions and Symposia exceeded associated expenditure by £24,232). The transfer of responsibility for the Record to BIOSIS will relieve the ZSL of costs totalling £328,770 including the support of 30 staff (although considerable earnings from sales will naturally disappear also: in 1981 the expenditure on the Record and Nomenclator only exceeded revenue by £33,000). But these profit margins disappear if the accounts are presented in other ways, as we point out in section IV.

223. The Society also maintains a zoological library of national and international importance, used by Fellows and other scholars. Its running costs were £64,189 in 1981. This figure included the direct costs of library staff, but neither it nor the cost of running the affairs of the Learned Society included a share of the maintenance

of the headquarters building or general overheads (something to which we also return in Part IV). The published accounts state that taken together, the expenditure on the Fellows and Associates, the publications and the Library totalled £160,000 in 1980 whereas income from subscriptions and sales amounted to £135,000. But these figures need careful interpretation and will merit further examination.

224. The Committees of the Council have a valuable role in supplying advice and help. They have access to a large amount of expertise from the Fellows and from others willing to assist the Zoo, whose specialist skills, spanning a wide range of backgrounds and disciplines, can be brought to bear for the benefit of the ZSL. The learned Society in particular benefits from the Awards Committee, which selects distinguished zoologists to receive medals and prizes, the Publications Committee, which serves especially as an Editorial Board for the Journal, Transactions and Symposia, and the Zoological Record and International Zoo Yearbook Editorial Boards.

225. The ZSL's educational activities link its work as a Learned Society and its service to the wider public. The meetings, Library and publications of the Society primarily provide a service for professional zoologists, but since 1957 facilities have been developed for school children visiting the Collections (discussed below). Special Christmas lectures are now given, and since 1970 there have been scientific Sixth Form Symposia on a wide range of themes. These functions are guided, on behalf of the Council, by an Education Committee. There are further links with the promotion of the ZSL, especially through the Television and Film Unit which makes films, provides educational material, and cares for the ZSL's substantial photographic archive. Staff of the Institute of Zoology are active in teaching at university level. We are aware of the Bullough Report on ZSL's Education Department, which was published in 1980. It appears to have been well researched, comprehensive, imaginative and balanced. We are in broad agreement with many of its recommendations, the implementation of which would have far-reaching consequences. However, further consideration will clearly need to be given to this important activity with particular reference to:-

- (a) the role of the Education Department in the interpretation of the zoos for the general public as opposed to its formal educational role with school parties;
- (b) the scope for revenue generation and promotional potential.

C. THE INSTITUTE OF ZOOLOGY

226. The Institute was formed in 1977 by the merger of the Wellcome Institute of Comparative Physiology (established by ZSL in 1964 with donations from the Wellcome Foundation), the Nuffield Institute of Comparative Medicine (established in 1965) and the Animal Hospital and Research Units. The Animal Hospital serves two purposes; firstly, the maintenance of a healthy collection; and secondly the care of the animal houses which are an important research facility.

227. The research of the Institute is designed to make full use of the unique scientific opportunities afforded by the vast range of living animal material in the Collections. Its overall thrust is in comparative medicine, and in biomedical applications: within these broad fields, it embraces studies of genetics, embryology, reproduction, nutrition, haematology, immunology, endocrinology, animal diseases, behaviour and other aspects of animal physiology, pathology and anatomy. The objectives of the Institute have been summarised by the Director of the Institute under 5 main headings:

- (i) Basic science To advance fundamental knowledge of zoology and animal physiology;
- (ii) Conservation To improve the diagnosis and treatment of disease and the breeding and management of animals in captivity and in the wild;
- (iii) Comparative medicine. To apply the findings from research to medical and agricultural science;
- (iv) Education To pursue an active teaching and training programme at undergraduate, post-graduate and post-doctoral levels (in addition to the Society's comprehensive programmes for school children);
- (v) Collaboration To act as a resource centre working with up to 200 other institutions in joint projects or in the supply of research materials.

228. This is not the place to catalogue the details of the research, veterinary and zoo service activities of the Institute. It is the leading multidisciplinary research team in the world working to understand and improve exotic animal breeding and management in captivity and in the wild. In addition any possible applications to agriculture and medical science are exploited. A few examples include:

- (a) The collection, freezing storing and transfer of early embryos, to improve captive breeding.
- (b) The collection and freezing of sperm from exotic and domesticated animals. Sperm preservation is currently possible only in the human, cockerel and bull.
- (c) The study of 'chemical diapause' in marsupials that can hold embryos in a state of dormancy. Biochemical storage would be less damaging than freezing and might lead to considerable commercial interest.
- (d) The veterinary care and improvement of welfare of all animals in the Collections, with many projects to improve veterinary treatment of zoo animals.

- (e) The genetic analysis and counselling for breeding programmes of animals in the Collections, to prevent inbreeding of irreplaceable rare animal stocks.
- (f) The sexing of rare birds and reptiles.
- (g) The search for and intense captive breeding of animals of unique importance for agricultural and medical science, for example the Owl monkey for malaria, Cotton top tamarin for human viral cancer, and many others.
- (h) The development of proper diets for specialised animals and especially for their young during weaning. Results are important for improved survival and for management of wild animals in poor or marginal lands.
- (i) Hormone measurements to provide pregnancy tests and diagnose the reproductive state of animals, thereby improving the captive breeding of rare animals.
- (j) The immunological diagnosis of exotic animal diseases and the development of vaccines against them.

229. The Institute, in February 1982, had a staff of 89, of whom 47 were permanent, 29 on contract and 14 in other categories (eg research fellows, visitors). There were also 15 to 20 Research Students and over 100 trainees supported by the World Health Organisation, foreign Governments and the British Council. At any one time there are likely also to be 60 to 70 under-graduates of the University of London undertaking projects.

230. The research has the strong support of the Medical Research Council and the Agricultural Research Council. In 1981 external sources contributed £505,406, including £255,702 from specific research grants and £155,000 via the Advisory Board for the Research Councils. The ZSL's own contribution, made in respect of the Institute's important support to the care of the Collections and the advancement of the Society's Charter functions, was said to be £327,642, making the total cost £833,048. The ZSL contribution (ultimately paid from gate receipts)* is partly a recognition of the importance of the Hospital and research for the work of the Society, and partly analogous to the University Grants Committee's support for a "well found" laboratory. We are uncertain how far it would be feasible to look to external sources to support a larger proportion of the Institute's costs, although this is one issue that will demand further analysis.

231. The Advisory Board for the Research Councils has recently been reviewing the scale and balance of Research Council support through a Working Party chaired by Dr Ralph Riley, FRS, Secretary of the Agricultural Research Council. Sir James Gowans FRS, Secretary of the Medical Research Council is now taking the lead in considering a future programme of research which the Research Councils might support at the Institute. The conclusions of this analysis are awaited.

* There is also a Scientific Fund which yields approximately £40,000 a year exclusively for scientific purposes.

232. The Institute is Directed by Professor John Hearn, who also acts as Director (Science) for the ZSL and in this capacity oversees all the scientific work of the organisation. The Council exercises oversight over the Institute through a specific Institute of Zoology Committee chaired by Sir William Henderson, FRS.

233. There can be no doubting the quality and importance of the Institute's work, which was recently endorsed by an extremely strong Visiting Group from the Advisory Board for the Research Councils. It offers a major veterinary facility not only for the ZSL's own collections but also for other UK and indeed overseas zoos. The range and scale of this work are unmatched in this country and internationally. Closely linked and of equal importance, is the research we have outlined. The ZSL consider that these efforts are already handicapped by a shortage of finance, to the extent that in some areas a further reduction of research activities would make their continuation no longer worthwhile. It is not, however, possible for us to consider the long-term future of the Institute and its work aside from the initiatives described in para 231 above, and we shall await their outcome with interest. The financing of the Institute remains an important issue to be resolved in the longer term.

D. THE COLLECTIONS

234. Despite the emphasis on the advancement of science in the Charter and in the minds of many people closely associated with the ZSL, it is the two collections of exotic animals at Regent's Park and Whipsnade Park that constitute 'the zoo' for the community at large, and it is upon the attractiveness of those collections to the paying public that the viability of the entire enterprise depends. Most of our Report is, for this reason, concerned with the factors determining that attractiveness, the causes of its apparent decline over the past decade, and the extent to which that trend could be reversed.

TABLE 2

THE COLLECTIONS AS AT 31 DECEMBER 1981

	<u>REGENT'S PARK</u>		<u>WHIPSNADE PARK</u>	
	<u>SPECIES</u>	<u>SPECIMENS</u>	<u>SPECIES</u>	<u>SPECIMEN</u>
Mammals	162	1058	65	1110
Birds	358	1154	113	1009
Reptiles	92	301	3	7
Amphibians	21	109	-	-
Fishes	177	1498*	-	-
Invertebrates	135	4450*	-	-

*estimates

235. Table 2 summarises the composition and size of these Collections. In the international league of zoos, the collection at Regent's Park is among the largest.* Table 3 gives details of 14 major international collections in terms of staff, numbers of species, numbers of specimens, attendance, financial support and status. For many reasons the figures are not strictly comparable, particularly with regard to staff numbers and attendances. Some zoos have the support of staff paid for by other organizations, such as municipal authorities or research bodies and these may or may not be included in the figures collected for Table 3. Attendance figures, in the case of zoos with free entry on all or some days, are estimates and, moreover, the basis on which zoos calculate attendance figures varies considerably.

Table 4 gives details of most leading British Isles (including Dublin) zoos for comparison with London and Whipsnade.

236. Within the overall objectives of the ZSL's Charter, the purpose of the two Collections could be stated to display to the nation the broadest possible picture of the living animal kingdom.

237. The Collections serve the community in three main ways. First the public may see, smell, and to a limited extent touch, live animals. Despite the number and quality of wildlife films on television and the increasing number of tourists who visit wild habitats, the great majority of people can still only appreciate the real beauty and the variety of wild animals in their local zoo. And even the well-travelled tourist will find in his regional or national zoo a greater cross-section of the animal world than either the great plains of Africa or the forests of South East Asia will have offered him. Visiting a good zoo is thus a unique experience which, while indirectly educational, also satisfies the inherent curiosity of people towards all natural things and particularly living creatures. The classical zoo animals such as lions, tigers, elephants, giraffes, apes, monkeys and snakes may well be those first sought out by visitors to zoos but it is probably the unknown and the unusual which will make the strongest impression. This includes not only the animals themselves, but also the way they are presented. The Giant Panda is the best example of such unusual animals, but there are several others such as the Okapi, Giant Tortoise, Dolphin, Killer Whale, Kiwi, Owls and other Birds of Prey, whose distribution in zoos is limited. Exhibiting animals against simulated natural backgrounds or in more natural surroundings such as nocturnal exhibits, exhibits with under-water viewing facilities or with climbing structures, and walk-through aviaries, also adds to the quality of the experience.

238. But the ZSL also seeks to provide a more formal educational experience. This comes not so much through the labelling of the collections or the provision of museum-type exhibits and displays (something which is not a conspicuous feature of either Regent's Park or Whipsnade) or even through the guide books, as through the facilities for school parties provided through the Education Department. This has a specially built Education Centre, opened in 1975, containing three small lecture theatres and staffed by a resident group of trained secondary school teachers. These handle

*However, it has been the policy of the Council of the ZSL over the past 25 years to reduce numbers and improve display conditions.

ZOO'S OF THE WORLD - COMPARATIVE DATA (Correct at 31.12.80).

ZOO	** NO. of Species/Specimens	NO. of Staff	Attendance (1980)	Status	Approx % Public Financial Support for Operating Exp.	Notes
AMSTERDAM	633/3102	155	1,100,621	Zool Soc with Gov/Mun Grants	58	+ Aquarium
BARCELONA	360/1786	120	3,000,000 (Estimate)	Municipal	100	+ Aquarium
BERLIN (WEST)	1268/4998	251	2,455,650	Private non-profit Co with Govt aid	50	+ Aquarium & Invertebrate
FRANKFURT	378/1826	164	2,569,521	Municipal	100	+ Aquarium
MUNICH	413/2087	106	1,228,248	Private non-profit Co. With Mun. control Int.	25	
NEW YORK	533/3460+	365	1,637,578 (3 free days)	Zool Soc with City, State & Fed grants	42	
PARIS (Vincennes)	211/1039	137	1,023,457	National	50	Another Zoo in Paris (Jardin des Plantes)
PRETORIA	497/4059 (1978 F1C)	219 (1978)	805,354	National	67	+ Aquarium
ROTTERDAM	591/2598	171	1,000,000	Zool Soc with Mun grants	70	+ Aquarium
SAN DIEGO	763/3223	364 (1978)	3,100,000	Municipal - admin by Zool Soc.	5/10	
TOKYO (Meno Park)	468/1906	174	7,217,350	Municipal	100	+ Aquarium
TORONTO	304/2080	223	1,018,041	Municipal/Private Soc.	62	
WASHINGTON	373/2568	306	3,000,000 (Est)	National	100	
LONDON RECENT'S PARK	014/2666	368 Includes Grant-Supported Research Staff	1,338,099	ZOOLOGICAL SOCIETY	NIL	+ Aquarium & Invertebrate

** Species include only Birds, Mammals, Reptiles and Amphibians.

BRITISH ISLES 2003 (correct at 31-12-80)

ZOO	NO. of ** Species/Specimens	NO. of Staff	Attendance (1980)	Status	Approx % Public Financial Support for Operating Exp.	Notes
LONDON REGENTS PARK	644/2666	368 (includes grant-supported research staff)	1,338,293	ZOOLOGICAL SOCIETY	NIL	+ Aquarium Invertebrate
BLACKPOOL	156/644	36	446,367	Municipal	100	
BRISTOL	204/861	86 (1979)	604,742	Zoological Society	N11	
CHESSINGTON	170/474	18 (Keepers only)	649,375	Private	N11	
CHESTER	383/1600	160	880,763	Zool Soc.	N11	+ Aquarium
COTSWOLD Wildlife Park	199/873	30	293,876 (1978)	Private	N11	1980 attendance not known.
DUBLIN	235/899	68	671,381	Zool Soc. with Municipal Grants.	5	
DUDLEY	154/698	70*	251,574 (1981)	Private	N11	Dudley (+ Aquarium. 1980 atndce not known.
EDINBURGH	256/1202	103	453,194	Zool Soc.	10	
JERSEY	103/1171	37	222,657	Zool Soc.	Very small Govt Grant	
MARWELL	125/742	37	256,544	Zool Soc.	N11	
PAIGNTON	314/1574	50	305,320	Zool Soc.	N11	+ Aquarium.
PENSCYGNOR	119/427	12	160,000	Private	N11	
SLIMBRIDGE	184/2463	70	199,500	Trust	N11	
TWYCROSS	136/593	39	406,013	Zool Soc.	N11	
WHIPSNADE	181/1963	106	397,477	Zool Soc.	N11	
WINDSOR SAFARI PARK	133/852	65	630,897	Private	N11	

** Species include only Birds, Mammals, Reptiles and Amphibians.

between 50,000 and 60,000 children a year, providing introductory lectures and guided visits to see selected features of both collections. The Inner London Education Authority has, in parallel, established its own Teacher's Centre for Life Studies at Regent's Park. The ZSL say that in 1980 formal education cost £67,000 but brought in revenue of £53,000, although these figures may not include all the associated overheads.

239. The third service provided by the Collections is their contribution to conservation and science. Many of the species in the collections are rare, and a number are endangered in the wild. The ZSL has a highly successful record of breeding such species. At present the percentage of mammals and birds in the collections which were born at Regent's Park or Whipsnade or elsewhere in captivity is:

	<u>Regent's Park</u>	<u>Whipsnade</u>
Mammals	83	85
Birds	60	77

Whereas much of the research in the Institute is specialised the conservation activities of the ZSL are of considerable general interest and Whipsnade's role as a rare animals survival centre should be capable of securing substantial popular support. The ZSL wish to develop Whipsnade in this way.

240. The two collections are the responsibility of Mr Colin Rawlins, as Director (Zoos), supported by Mr David Jones as Assistant Director and the three Curators, Dr Brian Bertram, Mr Peter Olney and Mr Victor Manton. Their reporting relationships are discussed together with the general organisation structure of the ZSL in a later section.

241. Some of the Council's Committees are primarily concerned with the Zoos. The Animal Welfare and Husbandry Committee provides advice on the care of the Collections. The Gardens and Park Committee advise on the aesthetics of proposed new buildings and the general attractiveness of the sites. The Promotions Committee exists to secure support for the ZSL through appropriate publicity which inevitably has as its major aim the stimulation of visits to the Zoos, while the Education Committee has a major interest in the work of the Education Centre.

E. LINKS BETWEEN THESE COMPONENTS

242. At first sight, the different aspects of the operations of the ZSL appear readily separable and some of us, in approaching this Study, were tempted to consider a 'solution' which separated completely the Zoological Society of London as a Learned Society sustained by its Fellowship, the Institute of Zoology as a research establishment potentially sustained by Research Council grants and by contributions from the managers of the Collections, and the two Collections as a separately managed enterprise, under a Board independent from the ZSL Council, dedicated to public entertainment, education and conservation.

These do need to be treated as separate entities for management and accounting purposes. But as our scrutiny of the organisation proceeded the inter-relationships between the components became the more apparent.

243. In particular, it became clear that the Institute and the Collections were indeed inter-dependent. Without the Collections, the Institute would have little point. Without the special scientific and veterinary services provided by the Institute, the management of the collections would be considerably less efficient, the health of the animals would deteriorate, and the potential contribution of the total enterprise to conservation of the world's genetic diversity and heritage of rare and beautiful species would be impaired. Any solution to the problems confronting the Zoological Society of London needs therefore to bear in mind this inter-dependence, together with the fact that, through the Institute, the Collections sustain a large and important contribution to medical, agricultural and zoological science.

F. THE ORGANISATION AND MANAGEMENT OF THE ZOOLOGICAL SOCIETY'S STAFF

244. The ZSL had 448 full-time staff on 31 December 1981. This included 24 research staff on project work funded by outside bodies. Details are in Table 5. It is noteworthy that the direct care of the animal collection accounts for only about 30% of the total, and matched construction, maintenance and public services almost exactly in the manpower concerned. The transfer in 1982 of catering responsibilities at Regent's Park to Grandmet Catering Services Ltd has removed 43 of the 56 employed in catering and retail services from the ZSL's books.

245. ZSL salaries and wages are the subject of agreements with staff which link them to various external public service employees. The result is that the Council has lost a substantial measure of control over its costs. Salaries and wages with pensions, in 1981 accounted for £1.817 million out of the total £2.917 million cash expenditure on Regent's Park and £0.691 million out of £1.066m on Whipsnade - in relation to falling revenue. In 1980 a substantial public sector pay award was one reason why the ZSL's deficit increased despite a 17% increase in revenue at Whipsnade and a 12% increase at Regent's Park.

246. It should be noted that the majority of ZSL staff are unionized and there are 3 main trade unions involved:-

- ASTMS - white collar staff;
- GMWU - manual staff;
- EEPTU - maintenance staff.

This fact will influence any plans involving further reductions in staff numbers, and would inevitably hamper renegotiation of the links with public sector pay awards.

TABLE 5

ZSL STAFF* ON 31 DECEMBER 1981

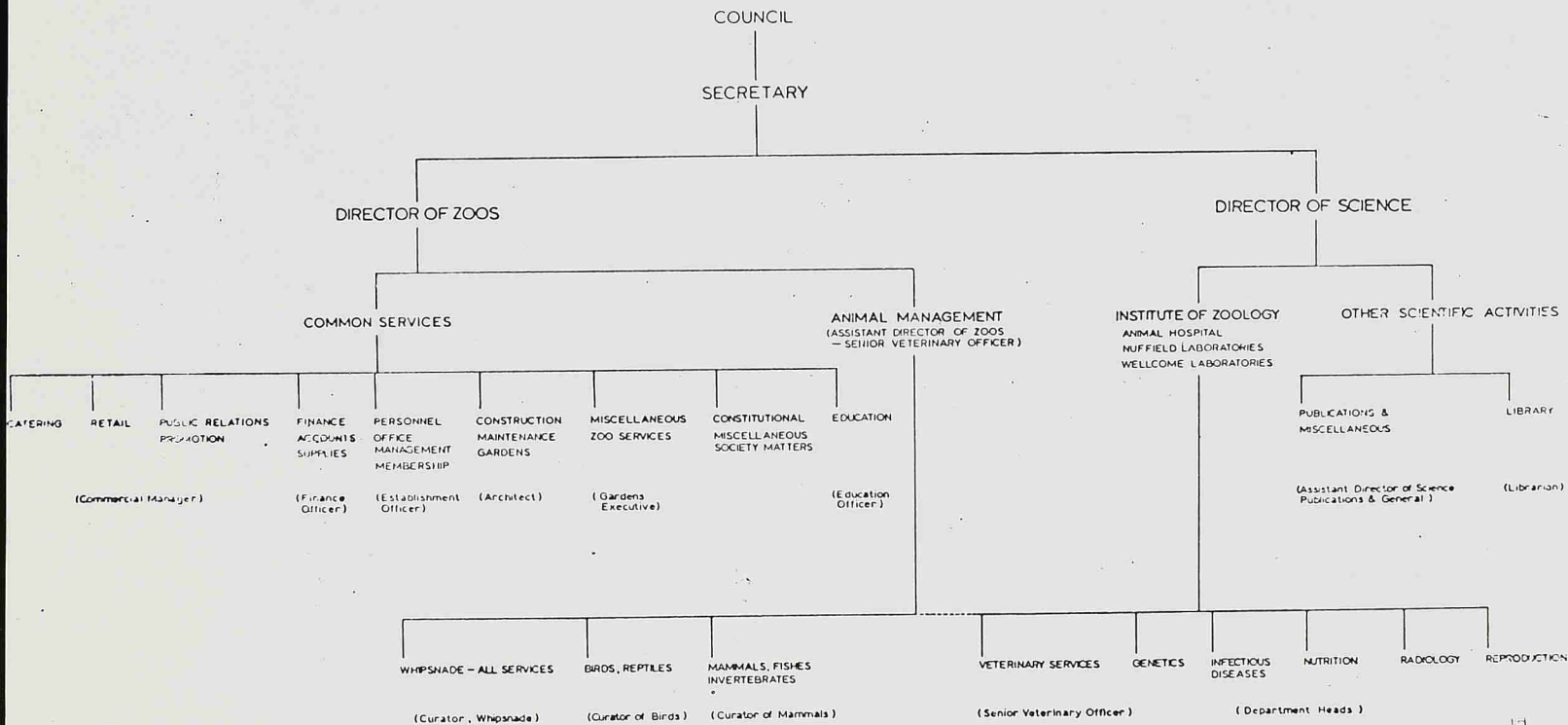
<u>SUBJECT</u>	<u>LONDON</u>	<u>WHIPSNADE</u>
Animal Management	92	45
Construction, Maintenance, Gardening General and Public Services	91	40
Catering and retail	56	9
Institute of Zoology	45 (24 grant-supported staff)	2
Other Scientific Departments, in- cluding Publication, Library and Education	20	0
Administration	22	6
	<u>326</u> (24 grant-supported staff)	<u>102</u>

*Excluding temporary staff, taken on for the high season (mid - March to September) to help with retailing, gate-keeping, cleaning and other general duties.

247. As the organisation chart (Figure 1) indicates, the responsibility for the day to day management of ZSL rests jointly with the Director of Zoos and the Director of Science, with all staff reporting through their respective departmental heads to the two directors. The two directors in turn report to the Council of ZSL through the Secretary. This reporting structure is supplemented by additional reporting lines between specific departmental heads and senior management and the committees of Council. This process is, in turn, strengthened by the involvement of many of the key departmental heads, acting as secretaries to the committees of Council.

248. Although formal responsibility for the day to day management of the ZSL rests jointly with the two Directors, in practice the Director, Zoos, effectively acts as 'Chief Executive', reporting to the Officers and Council, supported by his Assistant Director, Zoos and by the Director, Science on veterinary and scientific matters. The Director, Zoos, has responsibility for the central management services including finance and personnel, and for promotion and marketing. Most of these tasks were previously the responsibility of a third senior officer, the Director, Administration, but when this post became vacant in 1980 no replacement was appointed.

ZOOLOGICAL SOCIETY OF LONDON
ORGANISATION 1982



249. To improve communication between departmental heads within ZSL a management committee (the Regent's Park and Whipsnade Zoos Co-ordinating Committee) was established some years ago and meets monthly. Attendance at those meetings usually includes:

Director of Zoos
Director of Science
Assistant Director of Zoos
Architect
Assistant Director of Science (Publications and
Commercial Manager General)
Curator of Birds
Curator of Mammals
Curator of Whipsnade
Education Officer
Establishment Officer
Finance Officer
Librarian and some of the senior Research staff

250. A typical agenda for those monthly meetings would include:

The Collection - Regent's Park
The Collection - Whipsnade
Signs and Notices
PR and Promotion
Development
Consultancy
Staff Matters
General
Next Meeting

Circulated with the minutes of previous meetings would normally be a copy of the monthly report prepared and submitted by the Director of Zoos to Council.

251. One aspect of the organisation of the ZSL which may be questionable is the way in which the two co-equal Directors report to an unpaid part-time Chief Executive (the Secretary). Another potential complication arises because a substantial proportion of the ZSL's senior staff can report to two Directors: even the Senior Veterinary Officer is in this position since as Assistant Director, Zoos, he stands over the three Curators and answers to the Director,

Zoos, for all matters concerning the management of the Collections while on scientific matters he and the Curators report to the Director, Science. In part this duality of reporting lines reflects the close interlocking between the scientific work of the ZSL, focussed in the Institute, and the management of the Collections. But it does pose certain questions which we believe need examination.

252. The Commercial Department has a particularly crucial part to play in the implementation of the proposals in this Report. This Department is headed by a Commercial Manager who reports to the Director of Zoos. The position of Commercial Manager was a new appointment in 1981. Prior to this there was a Public Relations Officer,

although the position did not carry the range of responsibilities of the present Commercial Manager which encompass all activities related to increasing visitor numbers and revenues; trading activities; visitor amenities; public relations and promotion. The Commercial Manager is supported by a press officer, retail manager, photographer and the catering manager at Whipsnade.

G. THE IMPLICATIONS OF THE LOCATION OF THE COLLECTIONS

253. The location of both the Regent's Park and Whipsnade Park Zoos impose some constraint upon the ZSL's freedom as a manager. The Regent's Park site is Crown Land, the Department of the Environment being ground landlord. The current lease to the ZSL of the 36 acres currently occupied was granted in 1977 and runs to 1995. Under the terms of the lease restrictions are imposed on the Zoological Society in respect of the consent required for the erection of new buildings. The site is permitted to be used only in furtherance of the objectives of the Charter. Advertising is prohibited, but the installation, maintenance and use of vending machines and the commercial operation of Zoo Restaurants Ltd., and Zoo Enterprises Ltd are permitted. Beyond this, the general policy for Royal Parks is that they be maintained as places for quiet recreation, for the benefit of the general public. While the area of land occupied by the ZSL is not subject to Royal Parks Regulations, it will obviously be the policy of the Department as landlord not to give its consent to developments that would disturb the peace of Regent's Park as a whole, or permit unsightly buildings, while the limitations of the lease on advertising and on 'non-Charter activities' would preclude more extreme forms of commercialisation.

254. The Regent's Park buildings show signs of the constraints imposed by their setting and by the fact that some of the older ones are listed. A few are old (like the Giraffe House, substantially the same as Decimus Burton designed in 1836). Some are massive modern structures of architectural distinction (like Sir Hugh Casson's Elephant and Rhinoceros Pavilion of 1965). Any new building at Regent's Park has to be approved not only from the standpoint of its effectiveness as animal housing, but on aesthetic grounds, and this is said to make for expensive and elaborate structures.

255. Despite its setting in one of London's largest open spaces, Regent's Park is a compact urban zoo designed for the pedestrian. It consists of a series of houses separated by patches of greenery.

*Under the Crown Estate Act 1961, the Department has a power to lease a further ten acres of the Park to the ZSL. This power has never been exercised, although there have been discussions over the years about the ways in which this land might be used.

Stocking density is high leading in winter to areas of bare, trampled earth and mud. The high pedestrian pressure on the paths makes it inevitable that asphalt predominates. While the newer houses are sensitive in their display of animals in naturalistic settings, there are a number of old buildings the ZSL would like to replace (notably on the eastern edge of the site). The landscaping of the Zoo and Park has not been done in a fashion that takes advantage of the latter as a setting for the Zoo.

256. Another important constraint at Regent's Park arises from the lack of car parks under the control of the ZSL as operators, and the poor service by public transport. The nearest underground station is Camden Town, almost a mile distant (and one of the more primitive of LP's facilities). The bus service is inadequate. To-day, family excursions tend in any event to be car-borne. It is true that there is a car park at Gloucester Slips, but this is subject to Royal Parks regulations, (which would preclude the ZSL charging for its use unless it was formally leased to them), is partly under the control of the Crown Estate Commission, and has been regarded as serving the totality of users of Regent's Park rather than just the visitors to the Zoo. The other possible car park sites are either objectionable to the local Council (Primrose Hill) or unsuitable without considerable expenditure (the running track near Macclesfield Bridge). This represents a considerable impediment to the full development of the Zoo as an attraction.

257. The Whipsnade Estate is the freehold property of the Zoological Society. It consists of 574.1 acres (232.28 hectares), of which 189.6 acres are within the zoo area, 184.5 acres are steep downland, forming part of the Chiltern escarpment and 174.5 acres are farmland. There are 21 residential properties together with animal housing and administrative and workshop buildings (many of poor quality). Generally speaking, the buildings are less elaborate than at Regent's Park and the animal housing especially is simple in design. There is an extensive network of internal roads and a small loop of railroad leased to a concessionaire. The layout of the site is not ideal, the divisions and roads cutting across the landscape and making the visual character less "natural" than it could be, but there is still a good opportunity to display animals in an open setting and the development plan provides for the grouping of species from particular continents or regions in proximity to each other, thus making the exhibition more comprehensible. About half the Collection is already grouped in this way.

258. Whipsnade Park is entirely within the Green Belt and the Chilterns Area of Outstanding Natural Beauty. While this need not inhibit new building of an essentially rural character, it might prevent the selling off of part of the estate for residential development, or the erection of any structures (or the development of any activities) held incompatible with the status and location of the site.

301 In the introduction we reported on the trend of falling attendance at the two zoos. This is so crucial that we begin this section with some more detailed analyses, comparing the ZSL with other leisure attractions. We **then** consider the role of marketing in the commercial development of ZSL. Third, we consider ZSL's market research activities and the further research which will be required as a basis for business planning. The fourth part of this section deals with the elements of the marketing mix, especially the presentation of the animal collection and the retail and catering facilities, advertising and promotion, and **pricing** policy. We then proceed to address possible new areas of revenue generation.

302 In reviewing the commercial and marketing aspects of ZSL and formulating recommendations it has been necessary to make a number of broad assumptions in the absence of reliable quantitative data on current zoo visitor profiles. For this reason it will be necessary to review the recommendations made as market research data becomes available, a process that should be continued as ZSL's on-going programme of market research (paragraphs 310-317) continues.

Trends in Public Attendance

303 Visitor trends between 1972 and 1981, together with details of gate receipts, admission prices and advertising expenditure, are set out in Tables 1 and 2 and illustrated in figures 1 and 2

The main points to note are that:-

(a) falling attendance has been accompanied by a decline in gate revenue in real terms, amounting to 15% at Regent's Park Zoo, in spite of the fact that admission prices have doubled, and to 18% at Whipsnade Zoo, where admission charges increased by 58 per cent;

(b) advertising expenditure at Regent's Park Zoo was 31 per cent lower in real terms in 1981 compared with 1972 while that at Whipsnade Zoo has shown an uneven pattern over the period, although a significant increase in 1981 has brought it back to approaching 1972 in real terms.

The Leisure Market and Trends

304 The central question is how far the ZSL's performance has been affected by **its** marketing. We stress that, despite its strong scientific objectives, ZSL is competing in the leisure market along with other zoos and other leisure attractions such as, for example, Madame Tussauds and the Tower of London, in that it:-

(a) provides facilities for the public to pay to see its animal collections and to take advantage of the various other on-site facilities such as gift shops and restaurants;

(b) seeks to attract more visitors and to generate more income by promotional and other methods.

305 To put ZSL's attendances into the context of the wider national leisure market, we set out in Table 3 trends in visitor numbers to different types of leisure sites and zoos over the period 1975-80, and include comparative figures for Regent's Park and Whipsnade Zoos.

Table 1

REGENT'S PARK ZOO

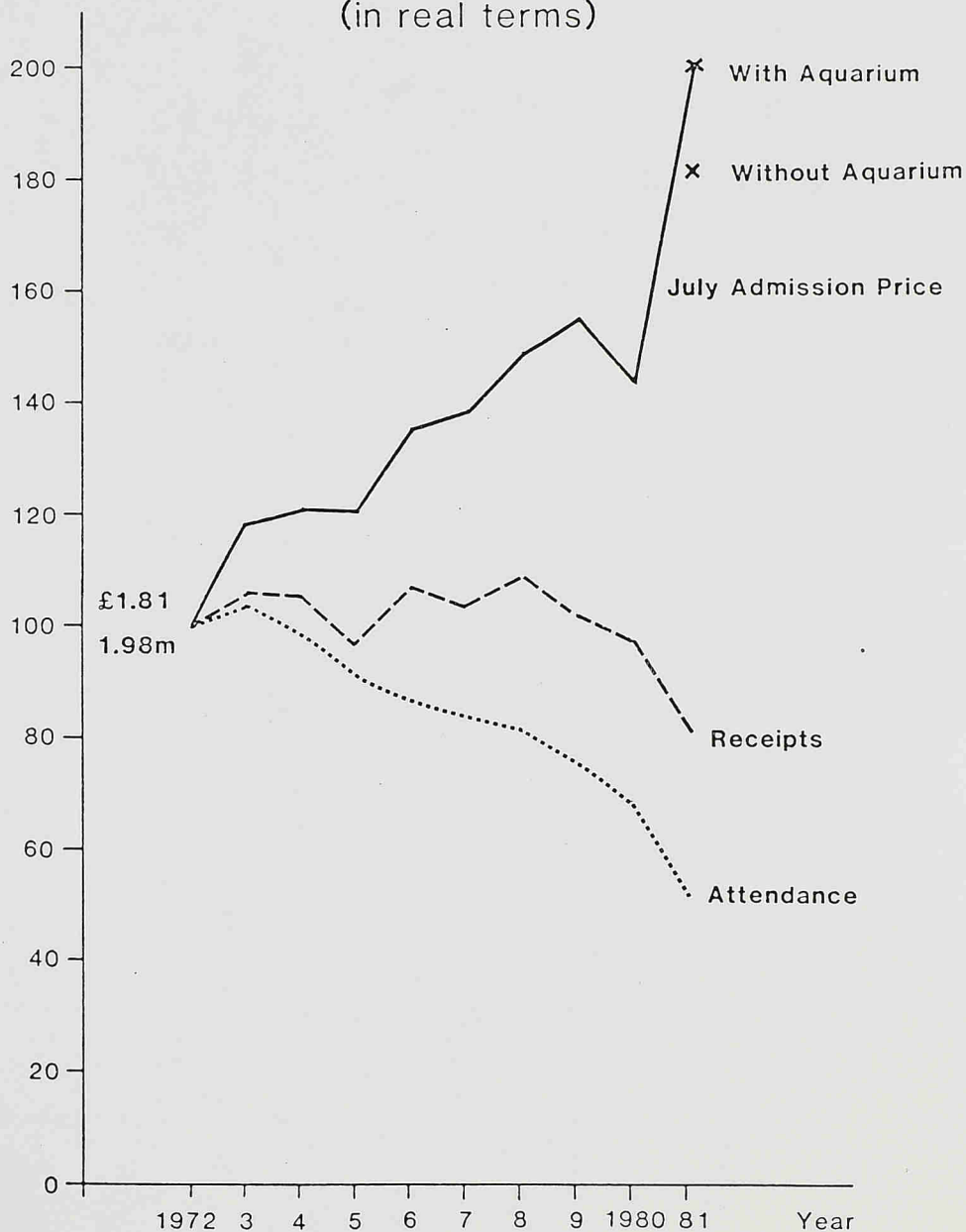
VISITOR TRENDS

Year	Attendance		July Admis- sion Price		Gate Receipts		Advertising	
	'000	Index	(£)	Index	(£'000)	Index	(£'000)	As % of Receipts
1972	1,977	100	0.50	100	767	100	41	5.3
1973	2,045	103	0.65	119	890	106	40	4.5
1974	1,958	99	0.80	125	1,034	105	24	2.3
1975	1,795	91	1.00	124	1,209	98	46	3.8
1976	1,715	87	1.25	137	1,493	107	38	2.5
1977	1,668	84	1.50	140	1,721	105	22	1.3
1978	1,607	81	1.75	151	1,940	109	31	1.6
1979	1,501	76	2.15	160	2,091	102	65	3.1
1980	1,338	68	2.75	176	2,333	97	59	2.5
1981	1,053	53	3.50	201	2,253	85	98	4.3

Source: ZSL

REGENTS PARK 1972-1980

Admission Price and Attendance (in real terms)



Source : ZSL

Table 2

WHIPSDNAE ZOOVISITOR TRENDS

Year	Attendance		July Admis- sion Price		Gate Receipts		Advertising	
	'000	Index	(£)	Index	(£'000)	Index	(£'000)	As % of Receipts
1972	569	100	0.45	100	193	100	19	9.8
1973	622	109	0.55	111	232	110	23	9.9
1974	547	96	0.65	113	236	96	8	3.4
1975	453	80	1.00	137	270	87	8	4.2
1976	482	85	1.25	152	385	109	16	4.2
1977	415	73	1.25	129	348	84	24	6.9
1978	403	71	1.30	125	358	80	14	3.9
1979	401	70	1.60	133	401	78	34	8.5
1980	398	70	2.00	142	502	83	45	9.0
1981	392	69	2.50	159	551	82	61	11.1

NBs 1 All "Index" columns are stated in real terms.

2 Members and season ticket holders are included under attendance figures but not gate receipts.

Source: ZSL

WHIPSNADE 1972-1980

Admission Price and Attendance (in real terms)

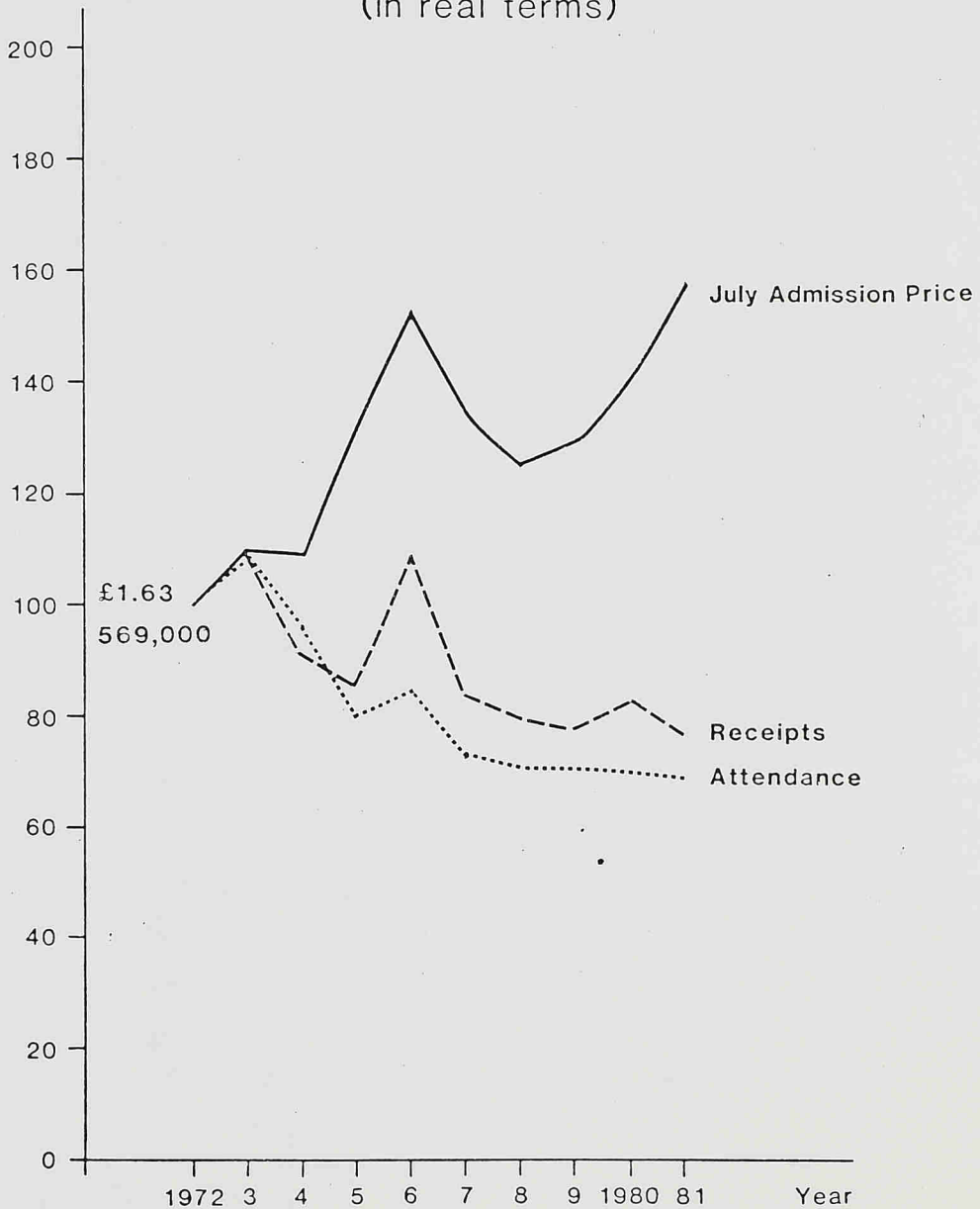


Table 5

Visitor Trends (1975-1980)

	1975/1980
	<u>% Change</u>
<u>Zoos</u> ¹	
Regent's Park	-41
Whipsnade	-12
Traditional	-13
Wildlife/safari parks	+34
Aviaries, bird worlds etc	+41
<u>Historic Sites</u> ²	
DAMHB (DoE)	-12
National Trust	+32
Private	+9

NB The trend in National Trust visitors is based on attendance figures which include members.

These figures must be treated with caution since:-

- (a) many of the non-traditional zoos were founded in the early 1970's. Thus, over the period 1975 - 1980 they are likely to start from smaller visitor bases than the longer established traditional zoos and, therefore, to exhibit larger percentage increases in attendance figures.
- (b) they do not take into account comparative pricing policies;
- (c) ideally, a proper appreciation of the relative performances of particular zoos would require consideration of a longer time scale but, unfortunately, figures for some of the larger zoos are not readily available beyond five years.

Sources: 1 ETB Report on British Zoos, March 1982
 2 DAMHB Study, C & L Associates Ltd. 1981

Nevertheless, in spite of these qualifications, it is clear that over the period from 1975 to 1980 Regent's Park Zoo performed considerably worse in attracting visitors than other leisure sites and other traditional zoos. Despite this Regent's Park Zoo remains at the top of the league of British zoos in terms of visitor numbers, above Chester which had 865,000 visitors in 1981. In 1981 Regent's Park and Whipsnade Zoos, together accounted for almost 10% of the total visitors to British zoos of 14.3m. Some comparative attendance figures have already been presented in Table 4 in the Introduction.

306 According to the recent (March 1982) ETB report "British Zoos: Their Main Features and Achievements", managers of traditional zoos have cited various reasons for their decline, including:-

(a) competition from new collections of wildlife in parks. For instance, the opening of Woburn in 1966 had an adverse effect on attendances at neighbouring Whipsnade. Windsor Safari Park also provides competition for Whipsnade;

(b) sociological factors such as population dispersal from urban areas, increasing car ownership and the decrease in the child population.

307 Other factors which have probably contributed to the declining attendances at traditional zoos include:-

(a) Wildlife and safari parks have placed increasing emphasis on entertainment by the inclusion of non-animal attractions which have been aggressively promoted; and this combination seems to have made a significant contribution to their success.

(b) Whilst there is no evidence to suggest that the recent generation of television wildlife programmes such as, for instance, 'Life on Earth', have adversely affected zoo attendances, such programmes have probably heightened people's expectations and made them more enquiring and more demanding.

308 It is widely claimed by managers in the leisure and zoo worlds that the main reason for the decline in attendances at Regent's Park Zoo is price. While it is true that this may have been a factor in that it has tended to be priced higher than other zoos and other leisure attractions and while we accept the need to review the ZSL's pricing policy, there is no firm evidence to lend support to the claim that this is the main factor and to indicate the relative weight of the price factor amongst all the factors which influence visitor performance.

309 In the absence of good comparative data, we doubt whether a more detailed analysis of past market trends would throw light on the ZSL's past performances or help in developing longer term strategies.

Market Research

310 We emphasise at various points in this section the crucial role of marketing in the successful commercial development of ZSL's activities, in what is becoming an increasingly competitive area. The term marketing is in our experience frequently used loosely and in a rather narrow context. It is therefore important to define its meaning in this report, namely: "the management process responsible for identifying, anticipating and satisfying customer requirements profitably". It is thus a much broader process than simply selling the ZSL's services. It demands the consideration of all market factors and their inter-relationship. It embraces the design of the products, the way they are presented, pricing, the manner in which they are sold, and the inter-dependence of these factors one with another.

311 Central to the concept of marketing is the attitude of "produce what you should sell" rather than "sell what you can produce", and this attitude is characterised by sensitivity to demand, to markets and to customers. In this context, therefore, it is necessary for ZSL to have properly researched data to enable correct decisions to be made. A key feature in marketing the zoo product is the need to translate the physical and other facilities available on a specific site into an experience which visitors can enjoy. Existing resources at the site should be tailored and others added to ensure the visitor experience is suited to the market in a way compatible with the purpose, aims and objectives of ZSL to be met. At the same time, the policy should be sensitive to the need to achieve a balance between the scientific work of the Society, proper animal management and the need to achieve a balance between the scientific work of the Society, proper animal management and the need to interest and entertain visitors.

312 We have reviewed various market research and other reports on Regent's Park and Whipsnade Zoos which have been carried out since 1969. The reports are of varying quality and most are more than five years old and so their findings must be treated with considerable caution since it is clear that patterns of visits to leisure attractions have changed over the intervening period. The Specialist Research Unit Survey (1981) is the most recent and is a useful reference document about general public attitudes towards Regent's Park Zoo, but even this does not provide a sound basis for making commercial decisions, particularly because it did not achieve its aim of discovering the attitude of people who do not visit the zoo but **who do go to other attractions.**

313 In order to develop an effective market strategy for Regent's Park and Whipsnade Zoos, it will be necessary to consider how ZSL can:-

- (a) improve its products and their presentation by introducing new features;
- (b) improve its promotional effort by, for instances, more accurate targetting of advertising campaigns;
- (c) adapt its pricing policies by, for instance , reviewing off-peak prices.

Table 4

Information Requirements

Questions to be answered	Information Required	Information Obtained From		
		Research of Other Zoos	Visitor Survey	Non-Visitor Survey
1. How can Regent's Park and Whipsnade Zoos improve their product?	.Public reaction to the Zoos.		.	
	.Public likes and dislikes.		.	
	.Analysis of visitor reaction to other Zoos and Safari Parks.		.	.
	.Comparison of Zoos to other attractions.			.
	.Public reaction to potential development proposals.		.	.
	.Analysis of other Zoo products.	.		
2. How can Regent's Park and Whipsnade Zoos adapt their pricing policies.	.Visitor reaction to prices.		.	
	.Did visitors know price before they travelled?		.	
	.Do visitors know which days are cheapest to visit on?		.	
	.What prices are charged at other attractions?	.		
	.How do Zoos, Regent's Park and Whipsnade Zoo, and other attractions rank as value for money?			.
	.Analysis of other Zoo pricing policies.	.		
	3. How can Regent's Park and Whipsnade Zoos improve their promotional effort?	.Who visits the Zoos?		.
.Where do they come from?			.	
.How do they hear about the Zoo?			.	
.How and when to they arrive?			.	
.What proportion of visitors are foreign tourists?			.	

314 Good quantitative data are needed to answer these questions. They should provide detailed visitor profiles, information about non-visitors, and coverage of the points made in Table 4.

315 The ZSL's Commercial Manager is planning to carry out a survey of about 1000 visitors to Regent's Park Zoo during the 1982 summer, using personal interviews. We have suggested some improvements to the pilot questionnaire and these have been incorporated into the most recent draft, which still requires further refinement. It is essential that the sample used for this survey is large enough to guarantee significant results. Consideration is being given to the possibility of undertaking a similar exercise at Whipsnade using a shortened version of the Regent's Park questionnaire and on a self-completion basis. Consultants should monitor the visitor profile studies at Regent's Park and Whipsnade Zoos and advise as necessary.

316 A survey of non-visitors is also needed, to determine their attitudes to zoos and to try and ascertain what improvements, if any, at Regent's Park and Whipsnade - both in terms of the product and its promotion - might persuade them to visit. The English Tourist Board ("ETB") plans to undertake an attitude survey during the 1982 summer for their Committee of Enquiry into Zoos, and has agreed to co-operate with ZSL in this work.

317 These two proposed surveys should not be seen as one-off exercises but as the start of a continuing programme of market research to provide ZSL with essential data on visitor and non-visitor profiles. The leisure industry in which both of ZSL's zoos are competing is highly competitive and susceptible to changing tastes. If market research is not carried out on a continuing basis ZSL will not be able to anticipate or even respond to the market, a situation which will not resolve the current trend of declining attendances.

Product Development

318 We discuss the development of Regent's Park and Whipsnade Zoos under the following sub-headings:-

- (a) presentation;
- (b) interpretation; and
- (c) other related facilities.

(a) Presentation

319 We consider that there is a need to review the animal collections and their presentation to the visiting public. In the view of some, the presentation of exhibits to the public has suffered badly from a lack of capital investment by ZSL during the 1970s. We are not convinced that such criticism is wholly justified. As Table 5 shows, there have been seven major new capital projects at Regent's Park over the past 19 years and there were also significant projects at Whipsnade over the period 1969-1972. We note that most of this work has been achieved as a result of private fund-raising. On balance and when compared with other zoos, both in the UK and overseas, we consider that ZSL has a good record on major capital projects.

Table 5

Major Capital Projects Undertaken by
the ZSL Since 1963

<u>Year</u>	<u>Regent's Park</u>	<u>Whipsnade Park</u>
1963	Cotton Terraces	-
1964	Snowdon Aviary	-
1965	Elephant/Rhino Pavilion	-
1966	-	-
1967	Clore Pavilion	-
1968	-	-
1969	-	Chimpanzee House
1970	-	Development Plan Launch
1971	Children's Playground	White Rhino Exhibit
1972	Sobell Pavilion	Dolphinarium
1973	-	-
1974	-	-
1975	-	-
1976	Lion Terrace	-

320 We believe it is important that there is something new at the zoos for the public to see every year and that major new features should be introduced preferably every three or four years. Such features should take into account the fact that methods of showing animals are steadily changing at zoos throughout the world: for example the trend is towards bigger but simpler and more naturalistic enclosures. In the intervening years between the major projects, less costly detailed product variations and improvements should be introduced. It is our impression that over the past 19 years ZSL has tended to place particular emphasis on large prestigious projects and possibly neglected smaller and more detailed improvements.

321 We are satisfied that in the long term major redevelopment by the ZSL will be needed. Despite all that has been done, there is a considerable amount of substandard animal housing both at Regent's Park and Whipsnade. In the medium term, we believe that much can - and should - be done through relatively small, low cost improvements to existing animal displays, and to landscaping and facilities for visitors

322 All proposed capital developments need to be assessed in the light of market research to ensure that they are in line with visitors' needs and expectations as well as meeting ZSL's objectives. New or improved enclosures and exhibits would provide the basis for promotional campaigns designed to stimulate visits and also provide greater enjoyment and satisfaction for the visitor. We cannot stress too strongly the importance of the development by the zoos of an image of providing something new for visitors to see each year. If there is something new, then this is likely to be a significant influence in persuading people to make repeat visits, particularly from within the immediate catchment areas of the zoos.

(b) Interpretation

323 There is a considerable scope for improving the quality of information given to visitors and the associated interpretative techniques used at both Regent's Park and Whipsnade Zoos. Interpretation goes beyond the provision of mere factual information for zoo visitors but rather is concerned with improving their overall visitor experience by helping them to understand more readily what they are looking at. It is an informal method of educating the public about aspects of animals such as their natural habitats, behaviour patterns, adaptations, problems and so on. Interpretative techniques can also be usefully used to communicate to visitors the scientific, research and breeding work of ZSL. Interpretive techniques encompass information boards, labelling, guide books and even the design of animal enclosures.

324 New exhibits can offer opportunities to show new perspectives of animals. A good example of this approach is the recently completed penguin pool at Chester Zoo (cost £31,000) which has a glass wall and affords a view of the penguins swimming underwater; a similar approach could be considered for sealions. On a more spectacular - and expensive - scale, walk-through aquaria would probably prove a major attraction. These examples are merely illustrative and clearly any proposals will need to be considered in the context of an overall development plan.

325 Theming of the zoos either on the basis of geographic or common habitat groupings of animals is another approach towards improved interpretation. The geographical approach is continuing to be developed at Whipsnade. A good example of successful theming is the impressive tropical house at Chester Zoo which is probably unique in the UK.

326 Labelling is obviously an important element in ensuring good standards of interpretation. ZSL should aim to achieve proper labelling of all exhibits as soon as possible. The Montagu Report in 1966 on interpretation recommended that 200 new labels were needed at Regent's Park Zoo but unfortunately progress in installing these has been slow. The report defined the following three levels of information in order of priority:-

- (a) scientific - including details of family, species name and map of general distribution;
- (b) factual animal notices ("fans") - giving further information about the animals;
- (c) zoo information panels ("zips") - designed to give more general information and **to contain illustrations.**

We have been impressed by the variety and quality of labelling we have seen at some other zoos and wildfowl parks, particularly Edinburgh, **Chester**, Washington and San Diego Zoos and Slimbridge wildfowl refuge. It would appear that there are alternative, and improved, labelling methods which could be worth **investigation** by ZSL. Chester Zoo has had the novel idea of producing card labels which are also sold in the zoo shop to recover production costs. In order to speed up labelling, ZSL should consider the possibility of strengthening resources allocated to this exercise and clarifying the lines of management responsibility for undertaking this task.

327 Three talking posts have been installed at Regent's Park Zoo at the lion, sealion and penguin enclosures. The charge for use of these is 10p for a three minute commentary in greater depth than provided by labels together with a background sound of the animals. These have been installed on a trial basis and their effectiveness will need to be reviewed in due course. However, early indications are that listening posts are unlikely to prove to be a useful technique.

328 Other possible methods of interpretation are as follows:-

- (a) audio-visual films of animals' natural habitats and related topics. The possibility of installing audio-visual displays near to enclosures should be investigated - this could provide a link between the exhibit and wildlife television programmes. This idea could possibly be extended to showing wildlife films such as, for example, "Life on Earth" in the lecture theatre at Regent's Park either during visiting hours or in the evenings;

(b) to allow greater interaction between visitors, especially children, and the animals. This can be done by a properly supervised animal handling session. Such a scheme has proved popular at Edinburgh Zoo and provided it with free publicity. We understand that ZSL's Education Officer is developing a similar scheme for Regent's Park Zoo which already has an area where the public is allowed to mix with harmless animals. This is popular with children and such facilities should be expanded.

329 The British Museum (Natural History) provides a good example of what can be achieved by the use of a wide variety of interpretative techniques, applied with sensitivity and without detracting from the serious aspect of the subject. Clearly, zoos, with live exhibits, have much greater potential to exploit similar techniques but so far this opportunity has not been grasped.

330 ZSL should consider the possibility of establishing a permanent interpretative exhibition or orientation centre at the entrance of Regent's Park Zoo, which could set the scene for visitors on arrival. Such a facility could also form part of a strategy aimed at providing the right sort of arrival experience for the visitor. Just inside the main gate, one of the zoo's most attractive or popular exhibits might be placed as a visual welcome to visitors. We hope that the ZSL will also recognise that the image of the zoos depends strongly on the staff. We appreciate the dedication of many people working with the two collections, but we believe more could be done to convey a personal welcome at the gate and to make the sale of tickets (and Friends Membership) smooth and friendly.

331 We have been impressed by the many good and imaginative ideas of ZSL's staff, particularly in the areas of presentation and interpretation. These need to be brought together and focussed as they could undoubtedly make an invaluable contribution to the overall development plan for the zoos.

(c) Other Related Facilities

332 Other zoo facilities which need to be considered further are:-

- (a) parking;
- (b) children's playground;
- (c) gardens and landscaping;
- (d) picnic sites.

Parking

333 We are told that parking is a constraint on visitor numbers at Regent's Park Zoo and, prima facie, this appears to be true. The fact that the present car park is shared with visitors to Regent's Park as a whole causes difficulties at peak periods. Possible ways of increasing car park facilities close to the zoo are being considered but there are administrative and technical problems involved. There has been an increasing trend for visitors

to leisure attractions to travel by car and this is likely to continue, thereby aggravating the parking constraint. We consider that the construction of satellite parks on the car route within Whipsnade would improve the chances of visitors seeing all the animals and thus enhance the enjoyment of their visit. We have included a question about car parking in the planned visitor profile surveys to try and obtain a better understanding of the scale of the problem and how car-borne visitors currently cope.

Children

334 Children make up about 30 per cent of all visitors at both zoos. Particular attention should therefore be paid to their needs. Other leading UK zoos are increasingly extending or improving facilities for them. For instance, Edinburgh Zoo has recently provided a monkey cage for children to play and climb in while their parents sit on the grass outside and watch them. This novel concept has proved popular and its success has persuaded the Zoo Director of the need to extend the play facilities. The Director of Chester Zoo also told us that he has recognised the need to place more emphasis on children. The play area at Drusillas Zoo in Sussex is a well-designed and popular feature and includes a kiosk where parents can enjoy light refreshments and keep an eye on their children. It was described to us by the Zoo Director as his "secret weapon". The present play area at Regent's Park is popular but there is scope for additional features, to create more things for children to do and to increase the overall area. Consideration should also be given to the possibilities for improving other children's facilities such as the children's zoo and farm.

Gardens

335 Attractive gardens and landscaping can enhance a zoo's exhibits and provide additional enjoyment for visitors. The gardens at Chester and Bristol Zoos are most impressive with displays of annual and herbaceous borders and trees. The respective directors are convinced that the expense is worthwhile in terms of packaging the zoo for visitor enjoyment and thereby helps significantly to increase their attendances. Regent's Park Zoo is particularly lacking in this regard. Much needs to be done to improve its attractiveness by planting more trees, flowering shrubs, creepers and other plants and by designing better vistas, perhaps by exploiting its location in Regent's Park. A similar approach could be adopted at Whipsnade.

Picnic and rest areas

336 There are few places in Regent's Park where people can sit and rest in shelter and watch animals. This defect needs to be remedied. Plans for landscaping should also take into account the need to reserve sites for picnic areas either within or in the park adjacent to the zoo. At Whipsnade the great attraction of the Chiltern escarpment is only partly exploited, and some of the most scenic areas are currently closed to the public.

Pricing

337 ZSL's pricing policy has historically been based on the price needed to cover budgeted operating expenditure for the year. As a result prices have increased in real terms by more than 50% over the past ten years, while attendances have fallen dramatically. ZSL believes that this policy has resulted in its prices at Regent's Park Zoo being significantly higher than those of competing attractions and that there is some correlation between high prices and the trend of falling attendances. We have, however, already indicated that there is no firm evidence to support the view that price is the main reason for the decline in attendances at Regent's Park Zoo.

338 ZSL decided to propose reduced prices for 1982 with the aim of bringing them back into line with those of competing attractions and of maximising admission revenue. The DOE judged that a downward adjustment in the admission charges at the present stage would be a mistake and we agree with this view. ZSL's prices for 1982 together with examples of other attractions are as follows:-

	1982 Summer Prices	
	Adult (£)	Child (£)
Regent's Park Zoo	3.50	1.50
Whipsnade Zoo	2.50	1.25
Windsor Safari Park	3.00	2.00
Madam Tussauds	2.75	1.55
Chessington Zoo	2.65	1.40
Town of London	2.50	1.20
Planetarium	1.50	0.95
Woburn Wild Animal Kingdom	5.00 per car	

339 Against this background it is clear that a key requirement is to carry out a thorough review of ZSL's pricing policy and make recommendations for the 1983 season and beyond. The recommendations should be formulated in the light of:-

- (a) the findings of the market surveys to be carried out this summer;
- (b) a review of competing attractions, including other zoos, in which value for money comparisons should be attempted; and
- (c) an overall marketing strategy for the zoos including policies on promotion and development.

Only once the basic long term pricing policy has been established should consideration be given to off-peak pricing policies and discount promotions, except by way of limited experiments.

340 One important characteristic of ZSL's operations is that its costs vary little with the level of admissions, or with time of year. This might suggest that there is scope for variations in prices around the basic level; for example:-

(a) Do substantial winter season discounts increase revenue? The evidence of ZSL's experiment in the 1981/82 winter season suggests, tentatively that they do not.

(b) What should be the role of a 'Friends of the Zoo' organisation in the pricing strategy? We discuss this at paragraphs 372-375.

(c) Should the policy continue to be to change a single admission price to cover all attractions or should there be additional charges for particular attractions? Both ZSL's experience and that of other zoos and similar leisure attractions suggest that current policy is correct. In that context we suggest that it may be sensible to make an extra charge for entrance to film shows (paragraph 328).

(d) Is there a role for discount promotions? In general we doubt whether these increase revenue although we believe that there may be benefits, and useful knowledge gained of visitor behaviour, from limited experiments.

The proposed market research survey will throw some light on these questions; nevertheless much will depend on commercial experience and analysis of data.

Season Tickets

341 Season tickets are available at both Regent's Park and Whipsnade Zoos although they are not interchangeable between the two zoos. The season ticket scheme was introduced in 1976 and we have been told that it was seen as a form of membership for people living near the zoos.

342 At Regent's Park season tickets are not available from the ticket kiosks at the main entrance but have to be purchased from the administrative offices some distance and across the road from the main entrance. We believe this to be a serious weakness. At Whipsnade season tickets are sold at the main office, again not at the zoo's entrance.

343 Season tickets for Regent's Park Zoo currently cost £18 and for Whipsnade £13. They entitle two people accompanied by up to two children to unlimited entry for 365 days from the date of issue. The Whipsnade season ticket does not entitle the holder to free car parking.

344 We understand that little promotional effort goes into selling season tickets and this combined with the logistical problems of buying season tickets in the case of Regent's Park means that comparatively few season tickets are sold. There are currently some 2,200 in issue for Regent's Park and 690 for Whipsnade. The Finance Department's records show that the number of season ticket admissions in 1981 were 25,281 at Regent's Park and 6,379 at Whipsnade.

345 For the reasons discussed below we believe that season tickets should be phased out and replaced by a supporters club.

Advertising and Promotion

346 ZSL's advertising expenditure has declined in real terms since 1972. The main points to note in the pattern of past spends at both Regent's Park and Whipsnade Zoos which are set out earlier in Tables 1 and 2 are that:-

(a) there have been considerable fluctuations in the sums to spend on advertising both in real terms and as a percentage of admission receipts;

(b) in addition to this lack of consistency in the level of advertising spend there seems to be an anomalous disparity between the amounts spent at the two zoos.

We believe that over the past 10 years ZSL's level of advertising spend as a percentage of admission receipts has been too low, particularly at Regent's Park Zoo, where it has ranged from only 1.3% to 5.3%. We are advised that major leisure attractions such as the zoos should spend between 10% and 15% of their admission revenue on advertising and promotion. This level of spend is in line with leading zoos in the USA.

347 We have examined the ZSL's historical promotional spend by media from 1975 to 1981. The main findings are that:-

(a) television was abandoned in 1978, because it was felt that the early evening spots it would need to use to attract children were poor value for money;

(b) London Underground posters were first used in 1978. The decision to use underground posters was based on:-

(i) research which showed a high proportion (40%) of overseas visitors to Regent's Park Zoo. This was a year with a particularly high influx of overseas visitors. The current level of overseas visitors to the zoo is considerably lower at around 30%.

(ii) information from London Transport that 80% of tourists travelled by tube; and

(iii) budgetary constraints which discouraged the use of television;

(c) there has been a growing use of local radio. It is planned to use the new Chiltern Radio in 1982, as apparently this gives good coverage of the local Whipsnade area.

348 We are told that the advertisement and promotion of the Zoo has been hindered by:

- (a) a lack of a positive attitude in ZSL towards advertising;
- (b) Budgetary constraints which prevented the development of a long term promotional strategy and forced the agency to "adopt purely tactical measures";
- (c) a lack of information about visitors to Regent's Park and Whipsnade Zoos with which to target advertising campaigns;
- (d) minimal feedback on the impact and effectiveness of campaigns, again because of a lack of resources to carry out follow-up research.

349 We firmly believe that ZSL should increase its advertising spend and also adopt a more positive attitude towards the use of advertising as a means of increasing visitor numbers. This is only likely to be effective if the action is:

- (a) based on a sound understanding, from quantitative data, of who are ZSL's actual visitors, with a view to assessing the strengths and weaknesses of ZSL's market share and to enable the advertising to be targetted more effectively;
- (b) framed, as part of an overall marketing strategy including product plans and pricing policy.

Public Relations

350 Because of the intrinsic attraction of the Zoos they have considerable potential for exploiting the media by obtaining free coverage in the press and television. In 1981 Chester Zoo achieved considerable success in this regard, managing to 'arrange' three half-hour television programmes, two of which were shown nationally; this had a significant beneficial impact on attendances. ZSL has benefitted in this way in the past and should continue to build on this inherent strength and make a conscious effort to maintain good relations with the media.

351 We have also formed the impression that ZSL sees public relations, including press coverage - which in the nature of things is free - as a substitute for paid media advertising. While editorial coverage is an excellent way of promoting general awareness it should not be seen as a substitute for more precise and targeted advertising about the Zoos, but rather as a complementary promotional tool.

Marketing Budget 1982

352 ZSL's 1982 marketing budget is £140,000 (4.8% of 1981 gate revenue) compared with £129,000 in 1981. The planned allocation of this budget is as follows:-

	<u>Regent's Park</u>	<u>Whipsnade</u>	<u>Total</u>
	(£)	(£)	(£)
Radio	24,000	24,000	48,000
Underground posters	35,000	-	35,000
Exhibitions/displays	10,000	9,000	19,000
Sub-totals	<u>69,000</u>	<u>33,000</u>	<u>102,000</u>

General:

Leaflets	15,000
Production of promotional material	10,000
Market research	8,000
Reserve	5,000
	<u>£140,000</u>

353 We recommend that this budget for the Summer of 1982 should be increased to about £240,000 (10.7% of 1981 gate revenue). Our reasoning is as follows. It has been decided to maintain ZSL's 1982 admission prices at 1981 levels. It is therefore necessary to try and counter the possible adverse affects of high prices and to stem the trend of declining attendances until such time as pricing policy has been thoroughly reviewed as part of an overall development strategy. A second, yet significant, reason for strengthening the promotional effort is that both Regent's Park and Whipsnade Zoo have tended to be under-promoted in the past and the 1982 marketing budget is about 33% less in real terms than it was in 1972. As already stated we would have expected ZSL not to be spending less than £300,000 on advertising. Our proposals for what we have termed a first aid programme are described in the following paragraphs.

354 We recommend that this first aid programme should comprise two main thrusts:-

(a) first, we propose that a discount scheme for children in the London area should be introduced at Regent's Park during the Summer holiday period. The scheme should be on the basis of one adult, one free child (over 5 and under 16), which is equivalent to a total discount for one adult and one child together of 30%. Our discussions with other zoos, particularly Bristol and Edinburgh, have indicated that a smaller discount and/or more complex offer would probably reduce the impact of such a scheme;

(b) Secondly, to try to justify the high prices in the eyes of the consumer, we propose that the planned on-site promotions should be strengthened and added to and given additional tactical support using local radio and press. ZSL has suggested the following activities:-

(i) a baby elephant is due to arrive shortly from Sri Lanka; activities such as, for example, weighing the elephant and monitoring its development would be undertaken;

(ii) strengthening of a proposed marmoset promotion with improved labelling and graphics;

(iii) new graphics for the aquarium;

(iv) introduction of commentaries at animal feeding times.

We should stress that these recommendations were formulated in the absence of any reliable and up-to-date information about visitors to the Zoos. We have drawn on our own general experience and discussions with other zoos.

355 We considered the possibility of basing the first aid programme around a television campaign but rejected this option because of the high risk of failure involved in mounting a significant campaign at short notice; a risk which is aggravated by the general lack of information about the Zoo's visitors and target markets.

356 The two main options which we have considered for promoting the proposed discount scheme are:-

(a) press;

(b) direct mail.

357 Given the lack of available information about Zoo visitors the effectiveness of these methods will need to be pilot tested in order to ascertain the likely level of response and thereby the marginal benefit of implementing the scheme. If as a result of the pilot surveys the discount scheme appears not to be worthwhile then the first aid campaign would be restricted to the on-site promotions and tactical media support. There is no reliable fall-back approach which might be used at short notice in place of the press and mail drop options.

358 Our preliminary estimates of the costs of the first aid programme described above are as follows and vary according to which method is adopted for promoting the discount scheme:-

Estimated Costs of
First Aid Programme

	(£)	(£)
Discount Scheme		
- direct mail	55,000	
- press promotion		25,000
On site promotions	30,000	30,000
Tactical support using press and radio	15,000	15,000
	<u>£100,000</u>	<u>£ 70,000</u>

ZSL's Commercial Manager has agreed to obtain more detailed cost estimates for these promotions. We propose to monitor the progress of these plans and advise as to whether or not to proceed with each item of additional expenditure over and above the existing budget. However, a decision, in principle, would have to be taken very soon as to whether or not to make the £100,000 available, subject to a detailed on-going appraisal of plans.

359 Although we know from discussion that the Director of Zoos would prefer another approach, we recommend that in support of this discount scheme, free vouchers be given to all the children attending ZSL's education programme for them to return during the summer holidays with one paying adult. This approach has been tried previously by ZSL, during the period September 1980 to April 1981. The redemption level was only 2% but the scheme was only valid up until the end of May 1981. A scheme for the summer holidays might be more effective; Edinburgh Zoo has successfully operated a similar promotion. Whilst we accept that even if successful, this scheme would result in only marginal financial benefits to ZSL, it should nevertheless, help to create goodwill towards ZSL and the impact of the scheme may grow if it is preserved on an on-going basis rather than as a one-off exercise.

360 Various other ideas have been suggested, most of them suited to future years rather than to 1982. A sample list appears in Appendix 1.

Retail

361 Zoo Enterprises Limited operates various retail outlets for the ZSL both at Regent's Park and Whipsnade Zoos:-

(a) Regent's Park - a main gift shop, approximately 2,000 sq ft in area, situated on a site near the main restaurant;

- a film shop;

- two kiosks at the North and South gates selling icecreams and confectionery products;

(b) Whipsnade - a main gift shop approximately 1,000 sq ft in area located just inside the main site entrance.

ZSL's Commercial Manager is responsible for the retail operations. There are seven permanent retail sales staff at Regent's Park who are assisted by up to ten casuals depending on the time of year. The retail operation at Whipsnade is supervised by the Catering Manager, who has two permanent sales staff and up to three casuals. Purchasing is organised centrally at Regent's Park.

362 The overall performance of ZSL's retail operations in 1980 and 1981 is summarised below:-

	1980 <u>(excl. guides)</u> £	1981 <u>(excl. guides)</u> £	1981 <u>(incl. guides)</u> £
Sales (excl. VAT)	491,811	448,319	546,187
Gross Profit (before wages)	215,972(43.9%)	188,705(42.1%)	244,000(44.7%)
Net Profit	112,739(23%)	50,410(18%)	114,801(26%)

Up until 1981, the sales of guides and other publications sold through ZSL's retail outlets were included in the catering accounts and it has only been possible to extract these figures for 1981.

363 The 1981 performances of Regent's Park and Whipsnade, in terms of sales turnover and sales per visitor, are shown below:-

	<u>1981</u>	
	<u>Regent's Park</u>	<u>Whipsnade</u>
Sales (including guides)	£412,204	£133,983
Guide books etc	£78,426(19.0%)	£19,395(14.5%)
Spend per visitor:		
-incl. guide books	40.1p	35.8p
-excl. guide books	31.5p	29.2p

The main points to note are that:-

- (a) Regent's Park accounts for over 75% of ZSL's total retail sales;
- (b) the overall spend per head performance is better at Regent's Park, mainly as a result of the fact that guide books and other publications represent a higher proportion (19.0%) of total sales compared with Whipsnade.

The spend per head performance in real terms has been fairly constant at both sites over the past three years.

364 ZSL's retail operation is performing reasonably well in terms of spends per head and profit margins. Nevertheless based on our knowledge of the retail performances of other zoos and leisure sites we consider it would be realistic for ZSL to aim to improve the spend per head performance of its current operations by between 10p and 15p per head over say a three year period which would result in additional annual sales of between £150,000 and £225,000 and increased profits. Any further significant improvement could probably only be achieved by the injection of some capital expenditure. The Wildfowl Trust shop at Slimbridge achieves a spend per head of about 70p and a net profit of 28% and is a good illustration of what can be achieved.

365 Apart from increased sales and profitability an additional and important reason for improving ZSL's retailing operations would be the benefit of contributing towards improving the visitors experience and enjoyment. This factor above all gives some urgency to the need to improve ZSL's retailing operations.

366 On the basis of our discussion with ZSL's Commercial Manager and visits to the shops at both Zoos we have identified the following main areas of the existing retail operations which require improvement:-

- (a) product range. The current range is limited and needs to be reviewed and should not necessarily be restricted to animal products or 'true ZSL souvenirs'. The scope for extending the range of non-specialist publications should be examined;
- (b) product quality. Higher quality gift items should be sold, such as wooden or ceramic items, wild life paintings/prints and ethnic merchandise and with more items in the range from £5 to £10; painting and prints might be displayed for sale in the catering facilities;

(c) merchandising and display units needs to be improved. The use of self-service displays should be considered. A more imaginative use should be made of lighting to show off the products to greater effect;

(d) sales staff need to be better trained;

(e) product pricing policy, including mark-ups, should be reviewed. The present aim is to achieve 100% mark-ups and 56% gross profit.

However, final decisions in each of these areas should only be taken in the light of a better understanding of visitor profiles.

367 In order to improve the management of its retail operations and to monitor performance more closely than at present ZSL should produce detailed management information on a regular basis. This should include gross profit, mark-up and stockturn information for each product line and in total as well as performance criteria such as return on capital employed, sales per visitor and sales per square foot of sales area. Existing information is so limited that the Commercial Manager has no idea what the pilferage rate is.

368 The gift shop at Regent's Park is housed in a twenty year old temporary building which was designed to last ten years and is far from ideal. ZSL should carry out a feasibility study to see whether it can justify, on straight commercial terms, relocating this gift shop so that all visitors pass by or through it on leaving. As part of the feasibility study the opportunity should be taken to review:-

(a) the selling space available and its relationship to visitor numbers;

(b) possible ways of handling school parties;

(c) the number and type of retail outlets required. The use of temporary sales kiosks should also be examined.

369 The gift shop at Whipsnade is conveniently located near the Zoo entrance. However, in spite of this apparently advantageous position its performance, in terms of spend per head (excluding guide books), is marginally worse than the gift shop at Regents Park.

370 In our visits to other zoos we have been impressed by the high quality of souvenir guides and there would appear to be scope for significant improvement in this area. We understand that the Commercial Manager is reviewing arrangements for selling guides at the main entrance to Regent's Park Zoo. It is proposed to give away, with guides, 'flier' layout maps of the Zoo. We suggest that these be given away free to all visitors.

371 We also suggest that membership of the "Friends of the Zoo" should be marketed in the shop, as the National Trust does for its membership, with a rebate of admission charges to those who join during a visit to the Zoo.

Marketing Membership

372 We understand that the ZSL is reviewing the whole question of membership, and we share their concern at its limited scale compared with that of other national institutions such as:

- (a) the Royal Society for the Protection of Birds with some 350,000 members; and
- (b) the Royal Horticultural Society with 80,000 members.

373 We would argue that ZSL should develop a supporter's club. It should incorporate as its junior branch the Young Zoologist's (XYZ) Club, which serves one age group today. This Club should differ from the Associate Membership and be managed distinctly from the ZSL as a Learned Society; for the professional image of the latter as a scientific body could inhibit the active enthusiasts the Club would seek to recruit and serve. The Club should be called 'Friends of the Zoo'. Our proposals to establish this on an independent basis must be tentative at this stage as of course the relationship between the Club and ZSL would need to be carefully thought out.

374 We believe there is potential for generating a substantial FoZ membership, and, by doing so, to generate additional net revenue. There are a number of reasons why a large Friends of the Zoo membership would be valuable to the ZSL:

- (a) As with season tickets a membership subscription caters for those visitors who would like to make repeat visits, but are deterred by the single entry admission prices. It has however an important financial advantage in that an effective FOZ should be able to generate a 60%-80% annual retention rate.
- (b) an active membership scheme would help to create a general awareness of and support for the Zoos. The supporters club at the Washington Zoo in the USA has apparently proved particularly effective in this regard;
- (c) it gives a secure and well-balanced cash flow which is helpful.

375 The potential for developing such a Club is only likely to be realised by means of a concerted marketing effort. A marketing campaign would need to be based on a well prepared and soundly conceived plan which should cover:-

- (a) ZSL's target membership;
- (b) benefits of membership;
- (c) categories/grades of membership;

- (d) promotional methods;
- (e) cost of developing the scheme;
- (f) estimated net benefits to ZSL.

Where possible the plan should draw on the experience and achievement of other organisations such as the National Trust. Given the key role of marketing in our proposals, it would seem logical to consider transferring responsibility for the membership scheme to the Commercial Department. We envisage the abolition of season tickets once the Friends Scheme is established.

Volunteers

376 Such a Club, by increasing the size of membership, would increase the pool of potential volunteers which could be employed by ZSL for:-

- (a) fund raising;
- (b) selling guides;
- (c) other on-site activities such as supervising brass rubbing and animal handling sessions.

Edinburgh Zoo successfully employs volunteers in these areas and finds them most helpful and enthusiastic.

Zoo Magazine

377 The present Zoo magazine, which is the journal of the Young Zoologist's Club, is dreary. A new magazine should be introduced and published quarterly, in addition to the bi-monthly newsletter which is currently circulated to members. It would need to be more professionally prepared with a greater variety of content and the widespread use of colour. Similar publications have proved successful at other zoos. It could be used as a major selling point for the 'Friends of the Zoo' and adoption schemes. It might also be used as a mouthpiece and news-giving medium for the ZSL, in particular to promote competitions such as, for example, photographic or painting competitions; or a Young Zoologist of the Year competition. A section could be devoted to children and include such items as quizzes, information about children's activities at the zoos and articles on particular animals.

Other Areas of Revenue Generation

378 Various ways of generating increased revenue for ZSL have been considered over the years. For instance, a report in 1970 on ZSL's activities, prepared by Associated Industrial Consultants limited (AIC) for the Ministry of Public Buildings and Works, considered:-

/Building
on past
experience

- (a) pet food manufacture;
- (b) franchising of ZSL's name to pet food manufacturers;
- (c) mail order;
- (d) pet clinics;
- (e) animal kennels;
- (f) character merchandising operations;
- (g) licensing manufacturers to market ZSL's own gift/leisure products on a national basis.

Points (a) to (e) were rejected by AIC. ZSL considered (f) and (g) at great length but for various reasons decided they offered little potential. We agree with this conclusion for (g), but we consider that character merchandising should still be borne in mind as a possibility as tactical opportunities arise. A mail order scheme could be introduced on a limited basis for 'Friends of the Zoo' and initially, just for Christmas gifts.

Sponsorship and Adoption

379 ZSL has recently launched an Animal Sponsorship and Adoption Scheme. Business organisations, schools, other institutions and members of the public are invited to contribute towards the cost of the upkeep of the animals. In return they will have inscribed plaques or labels displayed at "strategic points" in the Zoos and receive a complimentary ticket or a reduction to the price of a season ticket. The scheme is administered by an outside firm which is directed by an associate of the Society. We understand that sponsors/adoptors will buy units of £30 each, the number of which will vary according to the cost of keeping a particular animal. We believe that the administration of this scheme should be taken over by the ZSL and perhaps run in close conjunction with the Friends.

380 Other forms of sponsorship should also be considered such as, for example:-

- (a) sponsorship of signposts by companies. This is being done by Chester Zoo;
- (b) sponsorship of specific events or activities such as exhibitions.

Consultancy Services

381 Over the past ten years the increasing demand for advice on large overseas zoo projects has led the Society to develop its consultancy services on a more formal basis. Its services cover the following main areas:-

- (a) animal management;
- (b) architecture and planning;
- (c) comparative medicine and physiology research related to zoology;
- (d) education and information;
- (e) equipment;
- (f) staffing;
- (g) **veterinary** and pathology.

362 Advice to clients mainly takes the following forms:-

(a) Training - ZSL receives keepers and curators from overseas for training. They work in the Zoos and attend ZSL's 'keepers courses'. ZSL charges £100 - £200 a month (based on Government training rates) and also receives some benefit from the free labour;

(b) Design - ZSL prepares master plans for new zoos and for the redevelopment of existing ones. Up until about 5 years ago its charges were just sufficient to cover the cost of visits by its staff. Since then, ZSL had introduced more commercial charges. Also, it now aims to undertake all its design consultancy work through other firms of British consultants.

(c) Project Management - This involves advising how to stock and operate zoos. ZSL is currently involved in a £30,000 contract in Kuwait and is negotiating a possible 5 year deal to ZSL in terms of the need to balance its own resources against the requirements of a particular consultancy contract. For this reason it may use some non-ZSL staff for the Doha project, if successful.

363 The bulk of consultancy fees in 1981 were earned by the Architects department and totalled £24,500. The 1982 budget shows an anticipated consultancy income of some £65,000. ZSL has traditionally provided free veterinary advice. In recent years it has attempted to provide this service on a commercial basis but we understand this met with resistance from some users. Even so, we still consider that it should introduce a fair charge for such advice, particularly to other zoos and professional vets, and we believe that this will be inevitable if the ZSL is a recipient of public funds. Apart from fees, other benefits of undertaking consultancy work are the improvements in ZSL's experience and skills and it can also help to take up troughs in the normal workload of a department. Most of the potential for consultancy work is overseas and though significant opportunities are likely to emerge in the Middle East in the foreseeable future it is difficult to estimate the revenue earning potential.

Product Planning

384 It will be appreciated from the foregoing, in particular our concept of marketing, that ZSL needs to develop options for medium and long term strategies which embrace the product, pricing and promotion. The selected strategy will need to carry with it the organisational issues of the business. In particular, it will be necessary to clarify further the commercial manager's role and responsibilities.

Miscellaneous Promotional Ideas

1. 5 minute zoo chat programme on radio with the curators.
2. Organise press visits to the Zoo to inform them on the regional, national and international work of ZSL.
3. Organise visits for underprivileged children.
4. Make use of personalities - to open events, new promotions etc.
5. Put notice boards outside main gates showing attractions, events and activities, and including photographs.
6. Hold regular exhibitions on zoological topics linked to the collections.
7. Introduce joint tickets with other leisure sites in London.
8. Joint promotions with London Transport and British Rail.
9. Hand out free literature at the gates.
10. Wildlife paintings and photographs - sell prints in shops.
11. Introduce season tickets in the form of Christmas gift vouchers.
12. Annual theme or event.
13. Video theatre showing wildlife films.
14. Greater involvement by keepers, by means of guided tours and demonstrations.
15. Publicise feeding times better and provide better viewing facilities for visitors.

4 FINANCE AND ACCOUNTINGOrganisation of the Finance Department

401 The Finance Department is located at the administration offices of ZSL at Regent's Park and undertakes a variety of accounting and financial functions. The main tasks of the Department are:-

- (a) the maintenance of the books and records of account and the preparation of the annual financial statements of ZSL.
(Accounting systems are primarily manually based although a Visible Record Computer (VRC) is used for the purchase ledger and nominal ledger functions);
- (b) the preparation and review of an annual budget in the form of a detailed income and expenditure account showing the previous year's budget and actual outturn in addition to the budget for the forthcoming year;
- (c) the provision of monthly management information, limited to the number of visitors and gross gate receipts for Regent's Park and Whipsnade Park, together with a statement of expenses for ZSL as a whole, prepared on a cash basis;
- (d) daily accounting tasks, including purchase ledger and sales invoicing functions, the computation and payment of monthly and weekly wages, and the control, reconciliation and security of admission monies and matters relating to the collection of entrance fees and subscriptions from Fellows and Associates;
- (e) specialised accounting tasks such as the maintenance of the accounting records of the Flora and Fauna Preservation Society and the preparation of claims for scientific research grants of all kinds;
- (f) the preparation of specific papers for submission to the Finance Committee.

402 The Finance Department consists of twelve staff under the control of the Finance Officer (Mr A M Jones), who reports to the Director of Zoos. The Finance Officer supervises the running of the Department, undertakes any special assignments or other work that may be required and reviews all management and financial information produced by the Department. He also acts as secretary to the Council's Finance Committee

403 Reporting to the Finance Officer are two deputies who deal with the day to day work of the Department. The first deputy (Mr R Willis, the 'Assistant Accountant'), is responsible for maintaining the primary accounting records of ZSL, preparing the annual budget and the detailed monthly accounting information issued by the Department and preparing the year-end financial statements for ZSL. In addition, he deals with the preparation of claims

relating to grants for scientific research. The second deputy, (Ms J Jupp, the 'Senior Accounts Assistant'), is responsible for overseeing the daily clerical and accounting tasks of the Department and maintaining the accounting records of the two trading companies of ZSL, namely Zoo Restaurants Limited and Zoo Enterprises Limited (see paragraphs 453 to 458).

404 Other members of the Department undertake the clerical work associated with the computation and payment of wages, operation of the purchase ledger system, cashiering, sales invoicing and so forth. An organisation chart of the Finance Department is shown in Figure 1.

405 The organisation structure within which the Finance Department operates is summarised diagrammatically in Figure 2. The Department, through the Finance Officer, reports on a regular basis to the following:-

- (a) the Finance Committee and the Officers of ZSL on matters relating to the annual budget and the provision of monthly admission statistics;
- (b) the Director of Zoos to whom the Finance Officer is directly responsible on a day to day basis;
- (c) other Committees of Council as appropriate (for example, the Zoological Record and International Zoo Yearbook Committees).

406 In addition, senior members of the Department liaise on a regular basis with the heads of other departments and the Finance Officer reports to the Director of Science on matters directly relating to the scientific activities of ZSL.

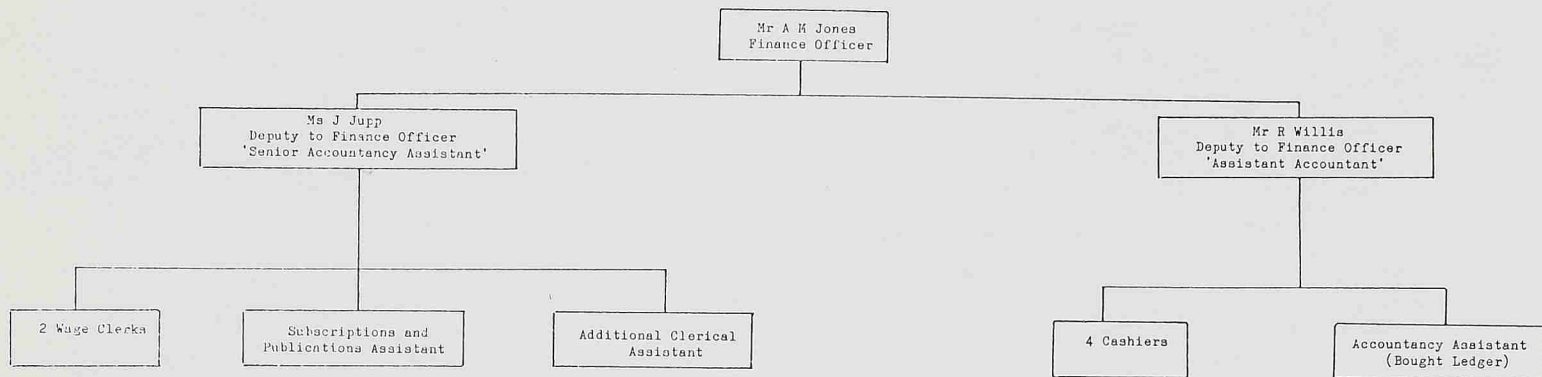
Accounting Systems and Management Information

407 The Finance Department produces two regular management reports - a monthly expenses summary and a summary of zoo admission numbers and income. Full accounts are only prepared at the year end, 31 December, there being no monthly or quarterly accounts prepared of either a financial or management nature.

408 The monthly expenses summary is an analysis of the previous month's expenses, prepared on a cash basis. In order to approximate to an accruals basis, the cut-off date for expenses is the tenth day of the following month. The analysis is extracted from the VRC and is limited to expenditure since the VRC does not hold income records. Expenses are attributed by ZSL to five main cost areas as follows:-

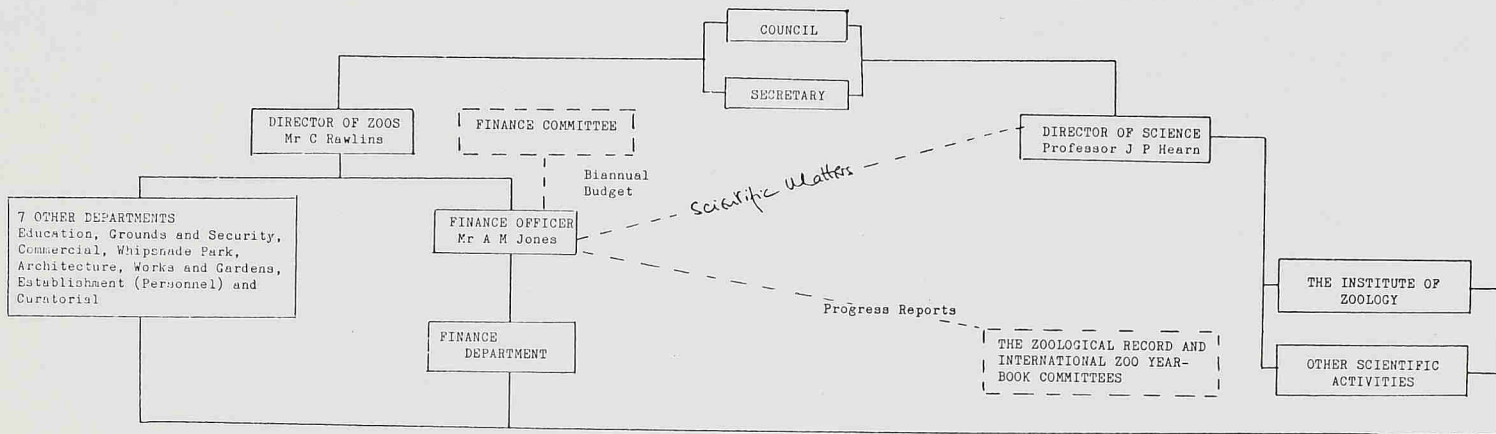
- (a) administration (including catering);
- (b) scientific (including publications);
- (c) Institute of Zoology;
- (d) Regent's Park;
- (e) Whipsnade Park.

Figure 1: Organisation Chart of the Finance Department of ZSL



Total Staff Complement - 12

Figure 2: The Zoological Society of London : Finance Department in Relation to the Rest of the Organisation



KEY

———— Direct Reporting Line

----- Information flow or liaison

Within these general cost areas, (which broadly correspond with the allocation of costs in the budget although in the budget the administrative and scientific categories are combined) costs are further divided into cost centres, (for example, works, aquarium, common services and so on). Cost allocation within ZSL is discussed later in this section. On the monthly summary total expenses are shown for the year to date together with budgeted expenses for the year as a whole and actual expenses to date as a percentage of budgeted expense for the year. The summary is not accompanied by any commentary explaining variances and therefore is of limited value as a management tool. Furthermore the Finance Department does not produce the expenses summary report for the first three months of the year because of the pressures placed on the Department to produce the annual accounts and perhaps more significantly because the budget is not finalised until March.

409 The monthly summary of admission numbers and admission income shows details of admission numbers and income for both Regent's Park and Whipsnade Park for the month under review and the corresponding month in the previous year together with an average for the previous 7 years. In the case of admission income this is expressed in both absolute and real terms. The usefulness of this report lies in the fact that admissions income is the major proportion of the ZSL's income: it was 73% in 1981. There is no attempt to compare actual admission numbers and income with budget as monthly budgets of admissions are not prepared. The annual budget reflects only overall admission income and expenditure for the year as a whole. Admissions are not broken down by month as the Finance Officer does not believe that such an exercise could be achieved with any degree of accuracy. In common with the monthly expenses summary the admission summary is not accompanied by a commentary explaining the figures.

410 The main recipient of the monthly expenses report is the Director of Zoos although Department Heads and other persons responsible for cost centres receive that part of the report that relates to them. The Director of Science receives the details relating to scientific research and other scientific work. The admissions report is produced for Council and is circulated to the two Directors but is not circulated to staff.

411 The accounting system in operation consists of eight main ledgers and five cash books. As noted in paragraph 401 the accounting systems are primarily manually based although a VRC is used for certain functions. The accounting records are listed and described below:-

<u>Ledger</u>	<u>Description</u>
1 Income Ledger	A manually produced ledger containing:- - members subscriptions - admissions income

<u>Ledger</u>	<u>Description</u>
2 Expenditure Ledger	<ul style="list-style-type: none"> - grant income and fees relating to the Institute of Zoology - sundry receipts - Yearbook sales and sales of other ZSL publications. <p>This ledger is maintained on the VRC and contains all expenses relating to Regent's Park and Whipsnade Park Zoos.</p>
3 Income and Expenditure Ledger - Regent's Park catering	Income is posted manually; the breakdown of expenses is maintained on the VRC.
4 Income and Expenditure Ledger - Whipsnade Park catering	Income is posted manually; the breakdown of expenses is maintained on the VRC.
5 Institute of Zoology	Income is posted manually; the breakdown of expenses is maintained on the VRC. Income principally relates to income from Scientific Fund investments. The investment records are also maintained in this ledger.
6 Institute of Zoology - Grants	Grant income is posted manually; the breakdown of expenses is maintained on the VRC.
7 Funds Ledger	<p>This ledger is the record of ZSL's investments, (<u>excluding</u> the Scientific Fund). It is manually maintained although certain expenditure is recorded on the VRC. The Zoological Record Fund is also maintained within this ledger. At the end of the year dividends received during the year are attributed to the fund to which they belong namely:-</p> <ul style="list-style-type: none"> - Staff Benevolent Fund - Major Repairs and Renewals Funds - Ashby Memorial Fund - Income and Expenditure Account

LedgerDescription

8 Personal Ledger

Miscellaneous accounts, (eg certain funds where expenses are incurred on behalf of, and then reimbursed by, third parties or members of staff).

9 Cash Books

There are five cash books maintained;

- Main Cash Book
- Cash book for direct debits and standing orders.
- Giro Cash Book
- Arbutnot Cash Book - transactions on investments.
- Mullens Cash Book - transactions on Scientific Fund investments.

412 The ledgers are reconciled monthly by the Assistant Accountant with the use of a memorandum control account, and a trial balance is extracted quarterly. This is done purely for internal control purposes and information is not provided to other departments or to the Officers of ZSL. No comprehensive monthly or quarterly management accounts are produced.

413 On the basis of our brief review, it would appear that the accounting records are properly and accurately maintained by the accounting staff within the Department, who are hardworking and diligent.

414 Nevertheless, the Department produces only limited accounting and management information and those reports that are produced are in many cases insufficient compared with normal commercial practice. In particular:-

- (a) it would appear that there is a lack of a clear understanding of modern accounting concepts and the application of those concepts to the accounting records and reports of ZSL. For example, in the preparation of the annual accounts the accruals concept is only partly used, as certain income and expenditure is accounted for on a cash basis. Subscription income is accounted for on a cash basis as are certain other categories of income, notably income from Zoo Restaurants Limited and Zoo Enterprises Limited;
- (b) the accounting system is still largely manually based, although assisted by the use of a VRC. This makes the present system cumbersome and limits the ability of the Finance Department to produce regular, timely, and meaningful management information. As a result the accounting and management information that is produced by the Department is geared to what the system is able to produce rather than what good practice would suggest is required;

- (c) comprehensive management information is not provided on a regular and timely basis to the senior staff and Officers of ZSL. The preparation of the budget is an annual exercise and variances between actual and budget performance are not normally analysed and explained on a monthly or quarterly basis. Once the budget for the year has been finalised, in March, no regular revisions are made to it or attempts made to forecast outturn. With the exception of the annual financial statements there are no comprehensive accounting statements prepared concerning the financial performance of ZSL. This point is discussed more fully later in this section;
- (d) the Department does not, as a matter of routine, prepare cash flow projections. Projections are only prepared when specifically requested by ZSL's bankers. The Finance Officer believes that it is not possible to predict zoo admissions in advance and therefore to prepare a cash flow projection (which of necessity is greatly influenced by admissions) is not practicable;
- (e) the number of staff in the Department (12) seems appropriate in view of the labour-intensive accounting routines and systems in force. However, if systems were to be modified and certain routines computerised, there should be opportunities to reduce the overall staffing of the Department;
- (f) we note that there are no qualified accountants within the Finance Department, which must limit the extent to which modern accounting practices are likely to be introduced.

The Budget Process

415 An annual budget is prepared each year, in two stages, and takes the form of an income and expenditure account, presented in broadly the same degree of detail as the annual published income and expenditure account, and showing the prior year's budget and actual outturn in addition to the budget for the current year as a whole. A preliminary budget is drawn up in October and forms the basis for the revised budget that is finalised the following March. Both preliminary and revised budgets are presented to the Finance Committee where the implications of the budgeted outturn for the coming year are discussed. For budgeting purposes the activities of ZSL are divided into three main areas:-

- (a) general and scientific;
- (b) Regent's Park Zoo;
- (c) Whipsnade Park Zoo.

416 In addition to the detailed income and expenditure account budget, relating to the areas noted above, the Finance Committee is presented with certain additional financial information to assist them in their assessment and interpretation of the budget:-

- (a) proposals for admission prices for the budget year and the projected financial impact of differing admission prices;
- (b) projected expenditure relating to the Major Repairs and Renewals Fund.

The Finance Committee therefore influences the admission prices to be charged but does not lay down pricing policy for the shops, catering, or publication selling prices. These are determined by the Commercial Manager, the Council and various publications committees respectively.

417 Once the annual budget has been adopted in March no comprehensive exercise is undertaken to explain variances between budgeted and actual performance as they occur during the year either through the use of variance analysis or by other means. In addition, the main assumptions underlying the preparation of the budget are not explained within the budget 'package'. We have been told that ZSL takes the view that members of the Finance Committee are sufficiently informed on financial matters to comprehend the issues involved with the budget without detailed explanations. It is argued that as most members of the Finance Committee are members of Council they receive monthly information on attendances and admission income and a formal monthly report from the Director of Zoos which includes information relating to financial matters. In addition, since the Director of Zoos is directly responsible for authorising works and other expenditure he is in a position to report on such matters fully to the Committee.

418 The preliminary budget is prepared by the Assistant Accountant. The following considerations are taken into account when the budget is set:-

- (a) the prior year's budget and the actual costs incurred during the previous year;
- (b) the level of inflation which is anticipated for the forthcoming year;
- (c) additional or special considerations applicable to particular cost centres.

Departmental heads do not prepare their own budgets for submission to the Finance Department for consolidation in the overall ZSL budget.

419 The annual budget therefore consists essentially of actual figures for the previous year adjusted for anticipated inflation. This procedure is modified in areas where departmental heads report specifically to the Director of Zoos on proposed changes in the level of expenditure for the forthcoming year. The most important areas in which the Director of Zoos is directly responsible for authorising expenditure are works and special purchases by the Curators of the zoos. In such cases the budget is essentially under the control of

the Director himself and the Assistant Accountant incorporates the proposed levels of expenditure into the budget as a whole. Particular cost centres may be influenced by special factors which would be considered by the Director of Zoos in consultation with the head of the department concerned. In certain cases committees other than the Finance Committee are involved in setting the budgets. This is particularly the case with the advertising budget which is approved by the Promotion Committee and the education budget which is approved by the Education Committee, in consultation with the Commercial Manager and Education Officer respectively.

420 The Assistant Accountant will also consider proposed alterations to cost allocations when he prepares the budget. The present systems for allocating costs and proposed changes to cost allocation are considered later in this section.

421 The preliminary budget is reviewed in detail by the Finance Officer before it is presented to the November meeting of the Finance Committee. The Finance Officer concerns himself not only with the detailed assumptions underlying the budget, but also with the general principles relating to methods of cost allocation and cost control as a whole. At this stage relevant matters will be discussed with heads of other Departments if the Finance Officer considers it necessary. Furthermore, the Director of Zoos will make suggested alterations to the budget at this time. Once the budget has been satisfactorily reviewed by ZSL's senior staff it is presented in revised form to the Finance Committee at their February/March meeting for final approval.

422 The budget is prepared primarily on behalf of the Finance Committee and the Officers of ZSL (namely the President, Secretary and Treasurer). The Director of Zoos monitors performance against the budget with the assistance of the monthly statement of expenses prepared on a cash basis by the Finance Department.

423 Since the Finance Department does not prepare regular comprehensive statements detailing the financial performance of ZSL or management accounts the budget and the annual financial statements remain the principal sources of financial information within ZSL. Control over the income and expenditure of ZSL is therefore exercised primarily through the budget and may be summarised as follows:-

- (a) once a budget has been set for a cost centre the budgeted level of expenditure should not be exceeded without the approval of a Director. Departmental heads are kept informed of actual expenditure to date by the monthly statement of expenditure prepared on a cash basis by the Finance Department. The report is scrutinised by the Director of Zoos who we understand asks for explanations on levels of expenditure in excess of budget or where he considers it necessary;
- (b) certain specific expenditure needs to be authorised directly by the Director of Zoos and authorised expenditure levels will then be included within the budget. In particular, this is applicable to expenditure on vehicles, works and certain items purchased by the curators;

- (c) major items of expenditure need to be authorised by an Officer of ZSL. In particular, this relates to all items of expenditure over £10,000.

Opportunities for Improvement

424 Budgeting procedures can be used as part of a much wider management information system and a far more effective management tool than is current practice in the ZSL. The particular improvements that could be made to the present system are summarised in the paragraphs that follow.

425 There is no regular formal comparison and explanation of actual performance against budgeted performance. The present procedures make such a comparison only possible at the end of the financial year when the detailed financial accounts are prepared and as part of the procedure for setting the new budget. The monthly expenditure summary shows actual expenditure as a percentage of total budget (whether under or over budget) but no explanations or commentaries are provided. Actual performance should be measured regularly, say quarterly, against budgeted levels of income and expenditure through the use of variance analysis supported by a detailed written explanation of variances. This would highlight problem areas and allow management to react in time to resolve problem areas before further serious problems arise. Although the majority of ZSL's costs are of a fixed nature and therefore the scope for corrective action through cost reductions will be limited certain cost reductions may be possible to compensate for any reduction in income. Furthermore, where financial performance deteriorates it may be necessary to increase or amend the promotional effort. At present there seems to be little emphasis on either the completeness or timeliness of management information with the result that corrective action by management is made all the more difficult.

426 At present the budget is primarily a realistic prediction of expected levels of annual income and expenditure for the year as a whole, no attempt being made to budget on a month by month or quarter by quarter basis. Additional emphasis could be put on the use of budgets as providing achievable targets rather than forecasts. Although we have been told that the Finance Department does partly set budgeted levels of expenditure below expected levels, budgets are essentially realistic forecasts of what is likely to be achieved. The continual review and monitoring of budgets would allow periodic revision if they proved unrealistic but the overall effect should be to tighten control over future levels of expenditure.

427 Too little emphasis is placed at present on reviewing financial performance during the year through the use of comprehensive financial and management information. Instead, financial performance is reviewed annually through the use of the budget and the preparation of the annual financial statements. During the year expenditure is monitored by the use of the monthly expenditure

summaries, as noted in paragraph 425, but there is no review of the performance of ZSL as a whole (both income and expenditure) or of the performance of the individual activities within ZSL. ZSL maintains that such a degree of financial analysis is rendered unnecessary by the monthly report on expenditure and the production of monthly reports on admission numbers and income which represents the greater part of the income of ZSL. However, it should be stressed that the availability of more comprehensive information relating to all activities of ZSL would enable management decisions to be made more effectively and feedback on the results of decisions made to be evaluated quickly. Similarly it would be normal practice to present the separate reports on income and expenditure as a consolidated financial statement.

428 At present, responsibility for containing costs within budget is often loosely defined and the Director of Zoos ultimately bears the burden. ZSL should consider devolving this responsibility so that it rests with those of senior members of staff directly responsible for activities. There have been moves in this direction already with the ZSL Architect taking charge of the Works Department and the suggestion by the Finance Officer to split menagerie costs into several sections under the charge of individual Curators. This process should be carried further within the lines of responsibility already defined.

429 The advantages of linking the budgetary process into a more comprehensive management information system may be summarised as:-

- (a) the cash flow position of ZSL would be more readily apparent since cash flow forecasts could be produced to accompany regular, possibly quarterly, financial statements;
- (b) the budgetary process would be linked with the preparation of the annual financial statements through the production of regular interim (say quarterly) financial statements;
- (c) regular reviews of actual performance and comparison with budgeted levels of performance would enable the staff and officers of ZSL to monitor results and discuss and execute plans to correct perceived weaknesses in financial/operational performance. It would also enable the financial performance of different activities within ZSL to be monitored and compared;
- (d) costs could continue to be controlled on a monthly basis by allocating both direct and indirect costs to specific cost centres for comparison with budget, as is partially done at present with the monthly expenditure summary. Any reallocation of costs between cost centres could be carried out as part of the process of preparing regular interim (quarterly) financial statements as suggested in (a) above;
- (e) more comprehensive management information would enable timely management decisions to be made on such matters as the purchase of food stocks and fixed assets, in the light of information on actual financial performance and cash flow;

(f) the discipline of a more formal method of review by senior staff and Officers of ZSL would encourage more speedy corrective action of problems that occur.

Income and Expenditure allocation

450 ZSL is currently divided into four main costing areas which broadly reflect the natural division of ZSL's activities within the framework of its operation as a whole:-

- (a) the work of the 'Learned Society' itself, into which general income and overhead expenses is also grouped;
- (b) scientific research which is conducted within the Institute of Zoology;
- (c) the collection of animals at Regent's Park;
- (d) the collection of animals at Whipsnade Park.

451 Within each of these cost areas expenditure is further subdivided into cost centres. Cost centres are used primarily as a means of controlling expenditure through the budgeting system described in paragraphs 415 to 429. Where possible, ZSL allocates income to these cost centres, and this is particularly the case with respect to scientific, educational and publications income. Membership subscription income is not allocated between different cost centres. However, we believe that the allocation of subscription income between different cost centres would be of limited value.

452 Income from grants made for research purposes is allocated according to the purpose for which the grant was made and relevant expenditure is allocated against the grant income concerned. Appendix A details the general split of income and expenditure between the four main cost areas and the re-allocation of certain income and expenditure in the annual published accounts.

453 In general, the Finance Department allocates overhead costs to those cost centres to which they relate on the most accurate basis available. Appendix A outlines, in general terms, the methods of allocation adopted by ZSL in the preparation of the annual financial statements for 1981. Our comments on the methods adopted in allocating overheads and other costs are as follows:-

- (a) Cost areas should be allocated common services overheads such as building maintenance, lights, heat, rates etc. Few such overheads are at present allocated to the Institute of Zoology.
- (b) Consideration should be given to increasing the number of main cost areas. The current aggregation of costs into four main areas results in a number of disparate activities being merged together so that the costs of these activities, and the income they earn cannot readily be identified. Examples of these are the Library, Publications, Education the XYZ Club.

(c) A related point arises over the accounting for certain activities outside the main income and expenditure account through the use of separate funds. We refer to this in more detail below.

(d) For the purposes of the annual accounts, major reallocations of the Institute's costs and of Education and YZC costs are made to the two collections. Such allocations are not related to the cost of services provided, being based broadly on admission income. Similarly one-fifth of the total costs of Whipsnade Park are re-allocated to Regents Park as representing the additional costs of breeding and conservation work at Whipsnade; this allocation appears to us to be rather broad brush.

434 The general thrust of these observations is that the present approach to the allocation of costs tends to obscure the incidence and hence the actual costs of the various activities undertaken by ZSL. In order to obtain a better appreciation of the costs of these activities we have, with the help of the staff of the ZSL, restated in Table 1 the 1981 income and expenditure account. The results are inevitably approximate.

435 The excess of expenditure over income in the restated income and expenditure account (above) can be reconciled to the excess of expenditure over income in the published income and expenditure account in the following manner:-

	£
Excess of expenditure over income per restated income and expenditure account for 1981	1,095,842
DEDUCT	
(a) Deficit relating to publications originally transferred to Publications Fund and shown in the notes to the accounts	(52,389)
(b) Expenditure originally included within Major Repairs and Renewals Fund	(46,151)
ADD	
(a) Transfer originally made from Regent's Park to Major Repairs and Renewals Fund	115,000
(b) Donations originally included within Major Repairs and Renewals Fund	23,897
(c) Investment income originally included within Major Repairs and Renewals Fund	15,833
(d) Fees from deceased compounders originally included within General Reserve	370
Excess of expenditure over income per published income and expenditure account	<u><u>£1,152,402</u></u>

Table 1: Summarised Financial Statements for Year Ended 31/12/81

	Published	Accounts	Restated	Accounts	GENERAL
	£	£	£	£	
<u>General</u>					
Income	544,638		206,338		
Expenditure	<u>643,530</u>		<u>584,317</u>		
		(98,892)			
			(377,979)		
<u>Publications</u>					
Income	-		393,540		
Expenditure	<u>-</u>		<u>440,202</u>		
		-			
			(46,662)		
<u>Education</u>					
Income	-		64,658		
Expenditure	<u>-</u>		<u>79,786</u>		
		-			
			(15,128)		
<u>Institute of Zoology</u>					
Income	471,998		505,406		
Expenditure	<u>629,855</u>		<u>906,208</u>		
		(157,857)			
			(400,802)		

Principal Reasons for the Difference on Restatement

General income has been subdivided into the different activities included within the category, *namely* publications, education and others. Accordingly income included under 'general' in the restated accounts comprises members subscriptions, interest and dividends relating to the general fund investments, donations and miscellaneous income. Expenditure included in the restated accounts includes general overhead expenses previously allocated to Regents Park Zoo such as administration expenses which relate to ZSL as a whole, rates and insurances and other overhead expenses where a proportion of the total expense relates to the administrable functions of ZSL, (such as the cleaning of office buildings.)

PUBLICATIONS Publications income includes income previously transferred to the Publications Fund. Expenses include overhead expenses relating to the publications operations but previously charged to either Regent's Park Zoo or to General expenses and the expenses previously transferred to the Publications Fund.

EDUCATION Education has been identified as a separate activity of ZSL and income and expenditure relating to educational activities has been separately itemised. In the 1981 financial statement educational income and expenditure was included under Regent's Park and Whipsnade Park.

INSTITUTE OF ZOOLOGY Income and Expenditure in the restated accounts for the Institute of Zoology includes and expenditures relating to the Department of Veterinary Sciences. These have been taken into Regent's Park and Whipsnade Park Zoos in the 1981 financial statements of ZSL.

Table 1 : Summarised Financial Statements for Year Ended 31/12/81

	<u>Published Accounts</u>		<u>Restated Accounts</u>	
	£	£	£	£
<u>Regent's Park</u>				
Income	2,434,672		2,356,629	
Expenditure	<u>3,130,469</u>		<u>2,285,427</u>	
		(695,797)		
			(71,202)	
<u>Whipsnade</u>				
Income	653,000		629,813	
Expenditure	<u>852,856</u>		<u>956,286</u>	
		(199,856)		
			(326,473)	
Excess of expenditure over income		<u>£(1,152,402)</u>		<u>£(1,095,842)</u>

Principal Reasons for the Difference on Restatement

REGENTS PARK

Regents Park excludes amounts credited or charged to the activities above in the restated accounts and in addition excludes the following adjustments made in the 1981 financial statements;

- 1) Transfer of £115,000 to Major Repairs and Renewals Fund.
- 2) Charge relating to Whipsnade Park Conservation and Breeding costs amounting to £213,214 in the 1981 financial statements.
- 3) Charge relating to research activities of the Wellcome foundation.

WHIPPSNADE

Whipsnade Park excludes amounts credited or charged relating to the research activities of the Wellcome foundation. In addition all costs relating to Whipsnade have been included and no charge has been made to Regent's Park to represent the costs of additional breeding and conservation work undertaken by Whipsnade.

The Published Accounts

436 ZSL is governed by the Charter under which it was incorporated and the Byelaws of the Charter state that:-

- "31. The accounts of the Society shall be made up to the 31 December in each year .
- "32. The Council shall appoint auditors who shall be members of a body of accountants established in the United Kingdom and for the time being recognised by the Board of Trade for the purposes of Section 161 of the Companies Act, 1948. The auditor shall be entitled to examine all books, vouchers and other documents relating to financial matters and to call for any information necessary to them in the performance of their duties .
- "33. The auditors shall audit the accounts of the Society in respect of each year and shall report thereon to the Council".

The financial statements of ZSL are thus governed partly by its constitution and partly by statute. The relevant statutory legislation is contained in the Charities Act 1960 which states that charities are required to keep proper books of account and to prepare consecutive statements of account.

Summarised Income and Expenditure Accounts for 1977 to 1981

437 To illustrate ZSL's financial performance since 1977 a 5 year summary of income and expenditure accounts has been compiled (Table 2). These have been based on the published annual accounts, adjusted only to provide consistency from one year to the next. Adjustments have been necessary as the format of ZSL's published income and expenditure account was changed during those years. It has not been possible to restate the figures on the basis adopted in Table 1, but the following adjustments have been made to the published income and expenditure figures:-

TABLE 2. SUMMARISED FINANCIAL STATEMENTS FOR ZSL FOR THE 5 YEARS ENDED 31 DECEMBER 1977 - 1981 (See Notes)

	1977		1978		1979		1980		1981		Increase/Decrease in 1981 over 1977
	£	£	£	£	£	£	£	£	£	£	£
GENERAL											
Income	480,133		566,807		649,415		679,407		661,685		
Expenditure - Payroll	(372,964)		(408,845)		(487,143)		(332,309)		(263,830)		+38
- Other	(282,494)		(347,709)		(340,095)		(404,325)		(523,649)		-29
		(175,325)		(189,747)		(177,823)		(57,227)		(125,794)	+35
INSTITUTE OF ZOOLOGY											
Income	249,023		329,145		430,531		459,010		505,406		+189
Expenditure - Payroll	(310,592)		(341,969)		(421,118)		(587,056)		(656,509)		+111
- Other	(140,729)		(164,144)		(254,490)		(194,266)		(176,539)		+ 25
		(202,298)		(176,968)		(245,077)		(322,312)		(327,642)	
REGENT'S PARK											
Income	1,984,336		2,278,076		2,323,948		2,598,134		2,382,946		+20
Expenditure - Payroll	(992,544)		(1,066,783)		(1,292,178)		(1,741,336)		(1,880,573)		+89
Other	(238,816)		(384,380)		(365,840)		(587,502)		(578,338)		+142
		752,976		826,913		665,930		269,296		(76,265)	
WHIPPSNADE											
Income	441,194		515,677		513,536		598,932		640,068		+45
Expenditure - Payroll	(241,191)		(372,661)		(437,982)		(581,887)		(622,428)		+158
- Other	(283,463)		(197,476)		(245,557)		(275,124)		(290,977)		+3
		(83,460)		(54,460)		(169,913)		(258,079)		(313,337)	
OTHER											
Contribution to Pension Fund (and payments to pensioners)		(84,169)		(107,328)		Y (169,569)		Y (182,282)		(194,364)	
Transfers to general reserves		(27,898)		(55,000)		-		-		-	
Transfers to Major Repairs and Renewals		(95,000)		(150,000)		(115,000)		(115,000)		(115,000)	
Transfers to Rebuilding Account		(60,000)		(60,000)		-		-		-	
Excess/(Deficit) of Income over Expenditure		£24,836		£33,410		£(211,452)		£(665,604)		£(1,152,402)	
ADMISSIONS											
		Number		Number		Number		Number		Number	£
Regent's Park		1,668,000		1,607,000		1,501,000		1,339,000		1,053,000	-37
Whipsnade		415,000		403,000		401,000		402,000		392,000	- 6
Total		2,083,000		2,010,000		1,902,000		1,741,000		1,445,000	-31

(a) certain reallocations made in 1980 and 1981 have been ignored viz,

the allocation of part of the costs of breeding and conservation work of Whipsnade to Regent's Park;

the allocation of income and expenditure of the education scheme and Young Zoologists' Club to Regent's Park and Whipsnade Zoo;

the allocation of the excess of expenditure over income on Veterinary and Research Services (Wellcome Laboratory) to Regent's Park and Whipsnade Zoo;

(b) the allocation of pension contributions to Regent's Park and Whipsnade zoos in 1980 and 1981 has been ignored and ^{are} shown separately;

(c) ^{the} Institute of Zoology has been classed separately and all other income and expenditure except that relating to Regent's Park and Whipsnade zoos has been classed as general;

(d) transfers to Major Repairs and Renewals Fund have been classed separately and reallocations to Regent's Park have been ignored;

(e) general scientific expenditure has been classed as general expenditure and not grouped under the Institute of Zoology;

(f) where transfers to publications funds have been made they have been shown gross (as was the practice in the earlier accounts but not in the later ones), ie all income and expenditure is shown and the transfer is effected by an additional 'credit' (if expenditure exceeds income) or 'debit' (if income exceeds expenditure). The practice of 'netting off' adopted in the later accounts has been ignored. Publications income and expenditure is classed under general income and expenditure.

438 Overhead allocations were altered during the five year period. In particular, during 1982 and 1982 ZSL ceased to allocate overheads to administrative (general) functions and attributed more overhead allocation directly to Regent's Park and Whipsnade Zoos. It is not possible to deal with these overheads on a consistent basis without undertaking a lengthy and complex exercise.

439 General income includes subscriptions, interest and dividends, publications and education, including the XYZ Club, and has increased as follows during the period under review:-

	<u>1977</u>	<u>1981</u>	<u>Increase(%)</u>
Subscriptions	40,513	86,361	+ 113
Interest and Dividends	36,925	64,737	+ 75
Publications	370,011	445,929	+ 21
Education and XYZ Club	32,684	64,658	+ 98
	<u>£480,133</u>	<u>£661,685</u>	<u>+ 38</u>

440 The growth in subscription income reflects not so much a growth in ZSL's Fellowship and Membership, which with the exception of associate membership has remained reasonably static during the period 1977 to 1981 (see Section 2), but a growth in subscription levels charged by ZSL. These are shown below:-

<u>ZSL Subscription Rates (1)</u>				
	<u>As at May 1977</u>		<u>As at May 1981</u>	
	<u>Entrance Fee</u>	<u>Annual Subscription</u>	<u>Entrance Fee</u>	<u>Annual Subscription</u>
Scientific Fellows	-	£3-£12	-	£6-£25
Ordinary Fellows	£10	£3-£12	£15	£6-£20
Associates	-	£3-£7	£10	£6-£15

Note (1) These rates reflect the range of subscription levels applicable, and whether the Journal is or was taken according to the place of residence of the subscriber.

441 Income from publications has declined in real terms primarily as a result of the Zoological Record failing to break even in recent years. In addition income from the International Zoo Yearbook has not covered expenditure in recent years.

442 Income of the Institute of Zoology consists of grants and contributions, investment income, donations and veterinary fees and has increased as follows during the period under review:-

	<u>1977</u>	<u>1981</u>	<u>Increase (%)</u>
Grants	219,865	305,772	+ 39
ABRC Contribution	-	155,000	-
Investment Income	24,532	38,022	+ 55
Veterinary Fees	2,818	5,508	+ 96
Donations	1,803	1,104	- 39
	<u>£249,023</u>	<u>£505,406</u>	<u>+103</u>

443 Grant income and the related ABRC contribution has been maintained in real terms and accounts for over 90% of total income of the Institute; veterinary fees are charged to third parties using rates applicable to Government bodies providing similar services.

444 ZSL includes in income from Regent's Park and Whipsnade Park income from admissions, catering and retail services, sale of animals, consultancy work and sundry receipts. Income has increased as follows during the period under review:-

		<u>1977</u>	<u>1981</u>	<u>Increase (%)</u>
<u>Regent's Park</u>	Admissions	1,796,749	2,270,678	+ 26
	Catering and			
	Retail Services	158,375	46,651	- 70
	Sale of Animals	3,142	318	- 90
	Consultancy	-	25,742	-
	Other receipts	26,070	39,557	+ 52
		<hr/>	<hr/>	<hr/>
		£1,984,336	£2,382,946	+ 20
		<hr/>	<hr/>	<hr/>
<u>Whipsnade Park</u>	Admissions	404,684	613,140	+ 51
	Catering and			
	Retail Services	13,145	13,525	+ 3
	Sale of Animals	16,840	6,518	- 61
	Other receipts	6,525	6,885	+ 5
		<hr/>	<hr/>	<hr/>
		£441,194	£640,068	+ 45
		<hr/>	<hr/>	<hr/>

445 Admission income, which is the primary source of revenue for the two zoos and accounted for 95% of the total income in 1981 has decreased substantially in real terms reflecting the decreasing number of admissions. Income from the zoos as a proportion of the total income of ZSL has fallen from 77% to 73%.

446 Income from the sale of animals has dropped during the period under review as it is now the practice of ZSL to exchange animals rather than to sell them outright. The poor performance of the restaurant at Regent's Park was one reason for the contract with Grandmet Catering Services Limited, who took on the catering facilities as from 1 March 1982.

Expenditure

447 Increases in expenditure over the five year period reflect the labour intensive nature of the work of ZSL with a large proportion of the increase being attributable to increases in salaries and related labour costs. The increases for the period under review are summarised below:-

	<u>1977</u>	<u>1981</u>	<u>Increase (%)</u>
Payroll costs - General and Institute of Zoology	683,556	920,339	+ 35
- Regent's Park	992,554	1,880,573	+ 89
- Whipsnade Park	241,191	622,428	+158
Pension Costs	84,169	194,364	+131
	<u>£2,001,460</u>	<u>£3,617,704</u>	<u>+181</u>

Different percentage increases in labour costs reflect reallocation of certain labour costs between different areas during the period under review.

448 Other expenditure consists of direct costs and overhead expenses relating to works and maintenance, animal provisions, rates and insurances, fuel, light, water and transport, gardening and miscellaneous items. The increase in costs during the period under review is summarised below:-

	<u>1977</u>	<u>1981</u>	<u>Increase (%)</u>
Expenses other than labour costs	<u>945,502</u>	<u>1,569,503</u>	<u>+ 66</u>

449 The transfer made by ZSL to the Major Repairs and Renewals Fund is an estimate of the funds required to undertake major current maintenance and renovation work.

The Balance Sheet

450 ZSL's balance sheet consists of all the assets except those relating to the De Arroyave Fund and the Davis Fund. Since there are conditions attached to the use of these funds it is not considered that they should be consolidated into the general funds of the ZSL.

<u>Fund</u>	<u>Amount</u> <u>31/12/81</u> £	<u>Description</u>
Pension Contributions Reserve	100,000	This fund was originally intended as a reserve for pension contributions but is now, in effect, a general reserve as ZSL has set up a separate external Pension Fund.
Publications Fund	(132,184)	Publications Fund is divided into the following funds:- (a) Zoological Record Fund (b) Neave Lloyd Fund (c) International Zoo Yearbook Fund. The funds were set up to deal with difficulties of matching income and expenditure in the publications of the Zoological Record, Nomenclator and the International Zoo Yearbook.
Accumulated Deficit	(1,818,006)	These funds represent the remaining funds attributable to ZSL.
General Reserve	352,897	

<u>Fund</u>	<u>Amount</u> <u>31/12/81</u> £	<u>Description</u>
Scientific Fund	368,057	The majority of the fund relates to sums provided by the Ford Foundation and these funds are under the control of the Society for its charitable and Scientific Purposes. Other funds also relate to the Society's scientific work.
Composition Fund	25,123	This fund relates to life subscriptions which are only taken into the general reserve when the life member dies.
Staff Benevolent Fund	2,049	This comprises mainly the Staff Benevolent Fund, but also the Ashby Memorial Fund. The Staff Benevolent Fund is used primarily for making loans to members of staff in need.
Major Repairs and Renewals Fund	425,236	This is a general fund set up for major maintenance expenditure relating to the main structure of the zoos. Donations of £23,897 were allocated to this fund in 1981, in addition to a transfer of £115,000 made from the general income and expenditure account.

450 The balance sheet as at 31 December 1981 comprised of the following assets and liabilities:-

(a) Freehold Property (at Cost) (£113,213)

Freehold property, originally cost £113,213, but has been fully depreciated through the use of the General Purposes Account (Depreciation Reserve). No value is included for fixed assets in the accounts which include freehold land and buildings at Whipsnade Park, a freehold house at Boston Spa, Lincolnshire and furniture, fixtures, fittings, plant and vehicles at both Regent's Park and Whipsnade Park.

(b) Stocks - Scientific Publications (£1,000) and Catering Department Provisions etc. (£45,600)

Publications stocks are valued at a nominal value although they almost certainly have a higher value, it being argued that the value would only be realised over several years. The Catering Department values stocks at cost. No value is included for stocks of library books or farm and garden supplies.

(c) Sundry Debtors and Payments in Advance (£257,378)

Debtors relate to all activities of ZSL and include balances on personal ledger accounts, for instance where ZSL incurs expenditure on behalf of a third party or member of staff. The largest constituent part of the debtors balance consists of receipts in arrears which include concession fees payable by Zoo Enterprises Limited and Zoo Restaurants Limited for the year but not received at the year end.

(d) Investments and Deposits at Cost (£1,031,249)

Investments relating to all the funds of the ZSL are grouped together in the balance sheet. The investment policies of ZSL are regulated by its Charter in Byelaw 58 which details the manner in which moneys of ZSL may be invested. Investments relating to the De Arroyave Fund and the Davis Fund are excluded from the balance sheet for the reasons stated in paragraph 450.

(c) Bank Balances (£6,059) and Cash in Hand (£8,300)

Bank balances relate to the minor accounts involving Giro payments and income from investments. Cash in hand relates to the floats maintained primarily for the zoos.

(f) Sundry Creditors and Receipts in Advance (£408,266)

Creditors relate to all activities of ZSL. Receipts in advance relate primarily to membership income received in advance.

(g) Bank Overdraft (£1,609,150)

The overdraft relates to the main banking facilities of ZSL with Drummond's Branch of The Royal Bank of Scotland Limited. We understand that the overdraft is secured against the freehold land and buildings at Whipsnade and the investments in the General Fund.

452 ZSL's balance sheet at 31 December 1981 shows net liabilities of £667,830 at book values. However, a consideration of book values alone ignores those assets mentioned in paragraph 451 that have no value attached to them including most of the fixed assets owned by ZSL. The assets and liabilities of ZSL are partly funded by reserves and partly by separate funds. These are detailed below:-

<u>Fund</u>	Amount at <u>31/12/81</u> £	<u>Description</u>
Fanthom Bequest	7,907	The funds are separately stated in the balance sheet as specified restrictions are placed on the uses to which the income from the funds may be put.
Heer Bequest	91	

Zoo Enterprises Limited and Zoo Restaurants Limited.

453 Reference has already been made (paragraph 403) to ZSL's two trading companies, Zoo Enterprises Limited (ZEL) and Zoo Restaurants Limited (ZRL). The two companies undertake the retailing and catering aspects of ZSL's two zoos at Regent's Park and Whipsnade Park. However, with effect from 1 March 1982 catering operations at Regent's Park have been transferred to Grandmet Catering Services Limited (see Section 3).

454 ZRL is a company, limited by shares, with an authorised share capital of £100 (100 shares of £1 each). The issued share capital amounts to £2 (2 shares of £1 each, fully paid). The two shareholders are ZSL and Mr Rawlins the Director of Zoos who holds one share in trust for ZSL.

455 ZEL is also a company, limited by shares, with an authorised share capital of £100 (100 shares of £1 each) with an issued share capital of £2 (2 shares of £1 each), fully paid. ZEL is wholly owned by ZRL.

456 Neither company is consolidated into the accounts of ZSL.

457 Both companies pay fees to ZSL, a 'Concession Fee' in the case of ZEL and a straight 'fee' in the case of ZRL. Residual operating profits from both companies are paid to ZSL under deed of covenant.

458 The financial year end for both ZEL and ZRL is 31 October and it is the fees and covented profits due to ZSL at 31 October each year that are taken into ZSL's accounts, which relate to the year to 31 December. ZSL does not make any adjustment in respect of the different year ends, taking the view that:-

- (a) this accounting treatment has been applied consistantly;
- (b) that retail and catering trade in November and December is minimal and that to adjust the fees and profits due to ZSL in respect of those two months would be an unnecessary and additional clerical burden.

Comments on the Presentation of ZSL's Financial Statements

Accountancy/
sense of
the term

459 There is no indication in the 1980 or in the 1981 annual accounts that ZSL was operating other than as a going concern in the and therefore the presumption is that ZSL is a going concern. Prima facie this was not so at 31 December 1981. If the Council was satisfied nevertheless that ZSL was a going concern at that date then the evidence for that view should we suggest have been set out by way of a note and we would have expected the audit report to have referred to it.

460 The report issued by the Department of Trade and Industry, (Accountancy Services Division), in December 1981 concerning ZSL stated that "The Financial Statements published annually by the Society do not conform with modern practice. The facts are often obscured by the use of 'funds' and 'reserves'". We have already referred to this above.

461 A similar point arises on the disclosure of accounting policies. The notes to the accounts give some details of some of the policies adopted, but because of layout and drafting they are not easy to follow. The auditing guidelines published by the Institute of Chartered Accountants in October 1981 stress the importance of full disclosure of accounting policies:- "It is essential that the financial statements of all charities should include a statement of the main accounting policies in accordance with SSAP2. The disclosure of significant accounting policies assumes a greater importance than for other enterprises in the absence of specific guidance from the accountancy bodies on the application of statements of Standard Accounting Practice to not-for-profit organisations and charities in particular". Given that the accounts are prepared partly on a cash basis and partly on an accruals basis, the manner in which income and expenditure are brought to account should also be stated.

462 We believe also that much could be done to improve the way and the extent to which information is presented. By modern standards too much information is presented on the face of the accounts and too little by way of note. We suggest that some information be given on the market value (or lack of value in the case of certain assets) of ZSL's properties and fixed assets, its library, its stock of animals; the pension fund obligations; an analysis of the investments held; and a reference to whether the bank overdraft is secured. We note also that the accounts do not include a statement of the source and application of funds.

463 For all the above reasons it is not easy for the user to understand the financial activities of ZSL or its state of affairs at the year-end.

INCOME AND EXPENDITURE ALLOCATION - THE MAIN ACTIVITIES OF THE SOCIETY

<u>MAIN AREA OF ACTIVITY</u>	<u>INCOME CATEGORY</u>	<u>EXPENSE CATEGORY AND/OR COST CENTRE</u>	<u>BREAKDOWN OF EXPENDITURE</u>	<u>REALLOCATION IN ANNUAL FINANCIAL STATEMENTS</u>
1 <u>The Learned Society</u>	Members' subscriptions and entrance fees			-
	Interest and Dividends from General Investments			-
	Income from Specific Funds			-
	Income and expenditure relating to the sale of Publications:-			
	- Journal transactions and symposia		- salaries	Excess of expenditure over income relating to the International Zoo Yearbook and Zoological Record and Nomenclature is transferred to the Publications Fund.
	- International Zoo Yearbook		- printing and other direct costs	
	- Zoological Record and nomenclature		- sundry	
	Income and expenditure relating to education scheme and Young Zoologists Club		- Salaries and wages	Excess of expenditure over income is split between Regent's Park Zoo and Whipnade Park Zoo in the ratio 80 : 20 which represents the relative sizes of the zoos in terms of turnover.
			- voluntary helpers	
			- brochures/magazines	
			- public information	
			- sundry	
		Administration and Library Expense	Salaries	Administration expenses are partially allocated to the general category but primarily allocated to Regent's Park. Certain salary costs, postage, telephone, printing and stationery costs are allocated between Regents' Park and Whipnade in the ratio 80 : 20. Library expenses are allocated to general expenses. Whipnade is allocated those administrative expenses that are incurred at Whipnade Park itself.
			Annual Report	
			Audit and legal expenses	
			Books, periodicals, binding etc. postage, stationery, telephone and other general overheads	
			Cleaning contracts	
			Investment management fees	
			Furniture and appliances	
			Council and Committee expenses, travelling and entertainment, bank and security charges, medals, retirement gifts, computer charges, payroll costs, staff vacancy advertising, book hire	
			Sundry	
		Interest on Overdraft		-

INCOME AND EXPENDITURE ALLOCATION BY MAJOR ACTIVITY

<u>MAIN AREA OF ACTIVITY</u>	<u>INCOME CATEGORY</u>	<u>EXPENSE CATEGORY AND/OR COST CENTRE</u>	<u>BREAKDOWN OF EXPENDITURE</u>	<u>REALLOCATION IN ANNUAL FINANCIAL STATEMENTS</u>
2 <u>THE INSTITUTE OF ZOOLOGY</u>	Income and expenses of the Department of Veterinary Science divided into:-	1 Hospital	- Salaries and wages	Excess of expenditure over income relating to veterinary services split between Regent's Park Zoo and Whipsnade Park Zoo in the ratio 80 : 20 which represents the relative sizes of the zoos in terms of turnover.
		2 Pathology	- Maintenance	
			- Recurrent expenditure	
			- Cleaning	
			- Equipment	
	Income and expenses of the Nuffield Laboratory including grant income and expenditure relating directly to grant research functions.		Wages and salaries	-
			Laboratory expenses	
			Office expenses	
			Maintenance	
			Cleaning	
			Miscellaneous equipment.	
	Income and expenses of the Wellcome Laboratory including grant income and expenditure relating directly to grant research functions.		Wages and salaries	Excess of expenditure over income of Wellcome Laboratory split between Regent's Park and Whipsnade Park in the ratio 80 : 20 which represents the relative sizes of the Zoos in terms of turnover.
			Laboratory expenses	
			Maintenance	
			Cleaning	
			Miscellaneous	
			Equipment	
		General scientific expenses	Salaries and wages	-
			Aquarium and reptile laboratory	
			Symposium expenses	
			Scientific grants	
			Photographic unit	
			Reprints	
			Entertainment and travel	
			Sundry	

INCOME AND EXPENDITURE ALLOCATION BY MAJOR ACTIVITY

<u>MAIN AREA OF ACTIVITY</u>	<u>INCOME CATEGORY</u>	<u>EXPENSE CATEGORY AND/OR COST CENTRE</u>	<u>BREAKDOWN OF EXPENDITURE</u>	<u>REALLOCATION IN ANNUAL FINANCIAL STATEMENTS</u>
3 <u>REGENT'S PARK</u>	Admission Income Income from sale of Animals Other receipts	Menagerie - Zoological Gardens	Wages and Salaries	-
			Staff canteen subsidy	
			Entertainment and Travel	
	Uniforms			
	Fittings and tools			
	Special Equipment			
	Signs and notices			
	Pushchairs and first aid			
	Talking labels			
	Cleaning materials			
	Office expenses			
	Staff party			
	Sundry			
	Aquarium	Provisions	Salaries and wages	-
			Exhibits	
			Foods	
			Seawater	
			Sundry	
	Works	Provisions	Salaries and wages	-
			Meat	
Fish				
Fruit - vegetables				
Hay				
Grain				
Sundry				
Sand, sawdust etc.				
Salaries and wages			-	
Materials				
Minor Works				
Drawing Office				
Sundry				

INCOME AND EXPENDITURE ALLOCATION BY MAJOR ACTIVITY

<u>MAIN AREA OF ACTIVITY</u>	<u>INCOME CATEGORY</u>	<u>EXPENSE CATEGORY AND/OR COST CENTRE</u>	<u>BREAKDOWN OF EXPENDITURE</u>	<u>REALLOCATION IN ANNUAL FINANCIAL STATEMENTS</u>
3 <u>REGENT'S PARK (contd)</u>		Common Services	Fuel, light, water and transport. Transport includes Petrol and Oil, registration and licences, repairs and spares, new vehicles	Overheads incurred at Whipsnade are separately monitored and allocated on the basis of costs incurred in Regent's Park overheads are allocated primarily to the zoo including those applicable to the administration building, the science building and educational building.
		Rates, rent and insurances	Rates Rent Insurances	All rates applicable to Regent's Park and insurances applicable to the Society allocated to Regent's Park Zoo (including portion relevant to administration function)
		Advertising	Salaries Promotion expenses Advertising	-
		Gardening	Salaries and wages Plants and seeds Fertilisers Tools Sundry	-
		Purchase of Animals	Mammals Birds Reptiles Invertebrates Quarantine charges	-
	Income and expenses from catering services consisting of:-		Catering and retailing income received from Zoo enterprises and Zoo restaurants is in the form of covenanted profits and concession fees	Financial statements bring in the net income from these activities and do not include details of income and expenditure.
	- Profits on catering functions from Zoo restaurants		Catering is now managed by Grand Met.	
	- Profits on retailing from Zoo enterprises		Direct expenses e.g. uniforms	Allocation in the Financial Statements include both direct and overhead expenses.
	- Profit or loss from catering activities.		Overheads e.g. Rentokil	
		Miscellaneous	Night security patrol	

INCOME AND EXPENDITURE ALLOCATION - THE MAIN ACTIVITIES OF THE SOCIETY

<u>MAIN AREA OF ACTIVITY</u>	<u>INCOME CATEGORY</u>	<u>EXPENSE CATEGORY AND/OR COST CENTRE</u>	<u>BREAKDOWN OF EXPENDITURE</u>	<u>ALLOCATION IN ANNUAL FINANCIAL STATEMENTS</u>
		Staff Canteen Subsidy		Calculated separately from costs of catering Department, the subsidy relates to the excess of expenditure over income for those members of staff enjoying subsidised food. The system at Regent's Park with the arrival of Grand Met should be similar (approximately one third of cost of a meal represents the cost of food and two thirds the cost of wages and overheads. Thus the subsidy is the direct cost of food multiplied by two). No account is taken of members of staff other than Regent's Park (eg scientific, educational and publications staff) who use the facilities. Whipnade catering facilities are a separate entity so no problems of this nature arise.
4	<u>Whipnade Park</u>	Admission income - Visitors Admission income - Cars Sale of animals Other receipts		
		Menagerie - Zoological Park	As in Regent's Park but also including local administration expenditure	To allow for the additional costs of breeding and conservation work at Whipnade one fifth of costs are re-allocated to Regent's Park.
		Provisions	As in Regent's Park	
		Works	ditto	
		Common Services	ditto	
		Purchase of Animals	ditto	
		Rates	ditto	
		Farms Gardens and Forestry	ditto	
		Income and expenses from catering services consisting of:	As in Regent's Park except catering activities still managed by the Society so that all direct expenses and overheads charged.	
		Profits on catering functions from zoo restaurants; Profits on retailing from zoo enterprises Profit or loss from catering activities		
		Miscellaneous	See Regent's Park	
		Staff Canteen Subsidy	ditto	

5 FINANCIAL PROJECTIONS FOR 1982 AND THE SCOPE FOR COST SAVINGS

501 In this section we comment on:-

- (a) income and expenditure projections for 1982;
- (b) cash flow projections for 1982;
- (c) the scope for further cost savings.

Income and Expenditure Projections for 1982

502 The projections of income and expenditure for 1982, which are set out in Table 1, show ZSL's budget projections for the year to 31 December 1982, together with comparative figures. The format is that adopted by ZSL and it has not been possible, in the time available, to prepare the projections on a restated basis. In summary the figures are as follows:-

	<u>£'000</u>	
	1982	1981
	<u>Budget</u>	<u>Actual</u>
General	(917.2)	(690.0)
Institute of Zoology	(319.1)	(387.0)
Regent's Park	559.8	205.0
Whipsnade Park	<u>(358.1)</u>	<u>(280.0)</u>
Excess of Expenditure Over Income	(1,034.6)	(1,152.0)
DoE Funding	900.0	-
Net Excess of Expenditure over Income	<u>£(134.6)</u>	<u>£(1,152.0)</u>

503 The 1982 figures represent the budget as finalised in March 1982, and do not reflect the year to date's actual results. As already noted ZSL does not prepare budgets on a month by month basis and it is therefore not possible to incorporate the actual outturn for the year to date into the budget for the year as a whole.

504 Although the projected excess of expenditure over income, before DoE funding is only 10.2% less than for 1981 there are significant differences between the two years, and we summarise these in Paragraphs 506 to 511.

505 The main assumption made in the budget is that wages and salaries will increase by 7.5%, together with an increase of 10% in the London Weighting allowance where applicable. In the event this may prove a little conservative. We have also noted below other assumptions where these are reasonably explicit, but we have not, in the time available for this study, been able to verify the application of those assumptions or to make a detailed review of the budget.

Table 1: Income and Expenditure Projections for 1982 (£'000s)

	1982		1981		Variance between 1982 budget and 1981 actual (%)
	Budget		Budget	Actual	
General					
Income					
- Subscriptions (net)	86.0		85.0	86.0	
Interest and Dividends (net)	20.0		55.0	65.0	
		106.0			
Expenditure					
- General Administration	438.2		417.0	385.0	151.0
Major Repairs and Renewals Fund	115.0		115.0	115.0	
Overdraft Interest	250.0		90.0	147.0	
Pensions	220.0		250.0	194.0	
		1,023.2			
		(917.2)			
			852.0		841.0
			(712.0)		(690.0)
					+21.7
					+32.9
Institute of Zoology					
Income					
- Grants etc	613.0		504.0	505.0	
Publications	123.0		104.0	117.0	
		736.0			
Expenditure					
- General	351.0		330.0	326.0	623.0
Grant aided projects	513.4		493.0	508.0	
Library	71.5		64.0	64.0	
Publications	100.9		91.0	93.0	
Other	18.3		23.0	19.0	
		1,055.1			
		(319.1)			
			1,001.0		1,010.0
			(393.0)		(387.0)
					+ 4.5
					17.5
Regent's Park					
Income					
- Admissions	2,600.0		2,900.0	2,271.0	
Catering and Retail	200.0		165.0	47.0	
Animals	2.0		2.0	-	
Education and XYZ Club	70.0		26.0	65.0	
Other	15.0		53.0	65.0	
		2,887.0			
			3,146.0		2,448.0
					+17.9
Expenditure					
- Salaries and Wages	904.0		1,048.0	968.0	
Fuel etc	378.9		419.0	356.0	
Works	387.0		424.0	342.0	
Provisions	204.7		200.0	187.0	
Advertising	134.8		70.0	98.0	
Education and XYZ Club	77.1		69.0	72.0	
Gardening	76.7		68.0	71.0	
Rates and Insurance	53.7		45.0	49.0	
Canteen Subsidy	52.0		50.0	47.0	
Miscellaneous	58.3		72.0	53.0	
		2,327.2			
		559.8			
			2,465.0		2,243.0
			681.0		205.0
					+ 3.7
					+173.1

Table .1: Income and Expenditure Projections for 1982 (£'000s) (continued)

	1982		1981		Variance between 1982 budget and 1981 actual (%)
	Budget		Budget	Actual	
<u>Whipsnade</u>					
<u>Income</u>					
- Admissions	550.0		600.0	549.0	
Car Parking	60.0		60.0	64.0	
Catering and Retail	20.0		17.0	14.0	
Animals	10.0		15.0	7.0	
Other	5.0		6.0	7.0	
		645.0			
<u>Expenditure</u>					
- Salaries and Wages	471.5		451.0	418.0	+ 0.6
Fuel Etc	109.0		99.0	103.0	
Works	152.0		128.0	122.0	
Provisions	124.0		124.0	113.0	
Advertising	25.0		50.0	61.0	
Farm, Gardens and Forestry	41.5		33.0	33.0	
Canteen Subsidy	14.0		12.0	13.0	
Miscellaneous	51.1		51.0	44.0	
Rates	15.0		11.0	14.0	
		1,003.0			
		(358.1)			
			959.0		+ 8.9
			(261.0)		+27.9
				921.0	
				(280.0)	
Excess of Expenditure over Income		£(1,034.6)	£(685.0)	£(1,152.0)	-10.2
Less: Department of the Environment Funding		900.0			
Net Excess of Expenditure over Income		£(134.6)			

506 ZSL does not attempt to budget admission numbers, but instead budgets admission income. If the actual admission price for 1981 in respect of each zoo is applied to ZSL's budgeted admission income for 1982, the admission charges being unchanged, the resultant visitor admission levels are:-

Regent's Park	-	1,203,700	(1981: 1,053,000)
Whipsnade	-	392,850	(1981: 392,000)

Thus the projections for 1982 can be interpreted as an anticipated increase in admissions at Regent's Park of some 150,000 over 1981 (+14%) with Whipsnade's admission levels remaining broadly in line with 1981.

507 In this connection we note that at 30 April 1982 actual admission numbers for the year to date were 4.7% and 19.4% up for Regent's Park and Whipsnade respectively. However, it must be remembered firstly that for the three months to 31 March the admission prices were discounted by one-half; and secondly that the bulk of admissions are in June to August. In terms of income Regent's Park's admissions were up by 4% and Whipsnade's by 17%. On balance we would judge, given average weather conditions in the three crucial months, that the budgeted income can be achieved.

508 The substantial worsening in the deficit for 'General' is due largely to the budgeted increase in interest charges and pension costs. In the case of interest charges an increase of some £103,00 has been budgeted as a result of the additional overdraft level that will be required (see Table 5.2). We understand that current interest rates are assumed. General income is budgeted at £45,000 below the 1981 level.

509 The improvement in the operating deficit budgeted for the Institute of Zoology is due largely to the higher level of grant income that is confidently expected. It is not matched by a corresponding increase in expenditure on grant aided projects - indeed expenditure on grant aided projects is budgeted to increase in 1982 by only 1%, due to lower staff levels. Overall the budget shows an increase of 4.5% in expenditure.

510 The large increase in the surplus budgeted for Regent's Park is due to the anticipated increases in admission levels and a significant increase in income from retail and catering activities, the latter due principally to the anticipated revenues arising from the catering contract with Grandmet Catering Services Limited (see Section 3). Expenditure at Regent's Park is budgeted to increase by 4% in 1982; this indicates a commitment to contain costs below current inflation levels.

511 By contrast at Whipsnade an increase in the operating deficit from £280,000 to £358,000 is projected. As already noted it is assumed that visitor levels will be similar to 1981 whereas expenditure is budgeted to increase by 9%, mostly as a result of increased payroll costs and works expenditure.

512 As one measure of ZSL's effectiveness in budgetting we compared the 1981 budget figures with the outturn results. Total income was some £729,000 (16%) below budget; we have already had occasion to note the difficulty in budgetting income when so much depends on the weather in two to three months of the year. By contrast total expenditure was £262,000 (5%) under budget. The net result was a deficit of £1.152m compared with a budgetted deficit of £0.685m

Cash flow projections for 1982

513 A month by month cash flow projection (Table 2) was prepared by the Finance Department at our request for the period January 1982 to April 1983, but including the actual cash flow for the first three months of the year. In projecting beyond April 1982 ZSL has made the following assumptions:-

- (a) income has been projected in line with the 1982 budget with the exception of catering income for which the budgeted levels of income have not been fully taken into account, as ZSL is not yet certain of the likely financial outcome of the Grandmet catering contract and has therefore applied a more conservative level of income in compiling the cash flow projections;
- (b) expenditure levels are those in the 1982 budget but apportioned on a month by month basis.

Table 2: Cash Flow Projections for 1982 and the First Four Months of 1983

Year and Month	Admission Receipts		Other Income	Total Income	Wages and Salaries		Other Expenditure	Total Expenditure	Excess/(Deficit) of Income over Expenditure for the month	Cumulative Cash Balance
	Regent's Park	Whipsnade Park			Regent's Park	Whipsnade Park				
<u>Actual</u>										
1982										(B/F) 1,500,000 DR
January	49,234	4,210	111,556	165,000	197,000	54,000	214,000	465,000	(300,000)	1,800,000 DR
February	85,152	11,683	140,665*	237,500	234,000	54,000	299,500	587,500	(350,000)	2,150,000 DR
March	119,218	19,210	786,272*	924,700	172,000	54,000	228,700	454,700	470,000	1,680,000 DR
<u>Projected</u>										
April	363,000	86,000	275,700*	724,700	212,500	66,000	166,200	444,700	280,000	1,400,000 DR
May	284,000	81,000	79,700	444,700	212,500	66,000	166,200	444,700	-	1,400,000 DR
June	252,000	59,000	96,200	407,200	212,500	66,000	228,700	507,200	(100,000)	1,500,000 DR
July	355,000	88,000	101,700	544,700	212,500	66,000	166,200	444,700	100,000	1,400,000 DR
August	547,000	145,000	152,700	844,700	212,500	66,000	166,200	444,700	400,000	1,000,000 DR
September	248,000	47,000	12,200	307,200	212,500	66,000	228,700	507,200	(200,000)	1,200,000 DR
October	169,000	23,000	105,200	297,200	176,000	55,000	166,200	397,200	(100,000)	1,300,000 DR
November	66,000	7,000	24,200	97,200	176,000	55,000	166,200	397,200	(300,000)	1,600,000 DR
December	49,000	3,000	7,700	59,700	176,000	55,000	228,700	459,700	(400,000)	2,000,000 DR
<u>1983</u>										
January	55,000	4,000	108,000	167,000	180,000	57,000	180,000	417,000	(250,000)	2,250,000 DR
February	85,000	9,000	173,000	267,000	180,000	57,000	180,000	417,000	(150,000)	2,400,000 DR
March	105,000	12,000	15,000	132,000	180,000	57,000	245,000	482,000	(350,000)	2,750,000 DR
April	90,000	267,000	720,000	220,000	70,000	180,000	470,000	250,000	250,000	2,500,000 DR

* Includes special funding from Department of the Environment amounting to £900,000 in total.

514 Table 2 shows that a net cash outflow of £500,000 over the twelve months to 31 December 1982, compared with a deficit of £134,500 in the income and expenditure projection. The difference of £365,500 is accounted for as to £230,000 by the more pessimistic assumption on income (see para 513) and most of the balance by unidentified differences on expenditure. We also note that the overdraft at 31 December 1981 as shown by the Annual Accounts was £1.6 million; at the time of preparing this report we have not been able to reconcile this figure with the figure of £1.5 million shown in the table. The current overdraft facility negotiated with the Drummond's Branch of the Royal Bank of Scotland Limited is £1.8 million which, on the basis of ZSL's projections, will be reached and exceeded in December 1982.

The Scope For Further Cost Savings

515 A number of significant cost reduction exercises have already been undertaken. The most significant, already referred to in this report, are:-

- (a) a reduction in staffing since 1978, principally through limiting recruitment. We understand that no vacancy may now be filled without the prior approval of the Director of Zoos.
- (b) the transfer in March 1980 of the publication of the Zoological Record and responsibility for 38 staff from ZSL to BIOSIS. Under this arrangement ZSL retains editorial rights over the publication but BIOSIS handles all income and expenditure relating to it.
- (c) the further reduction in staff achieved in March 1982 by the transfer of the Regent's Park catering operations to Grandmet Catering Services Limited. This reduced the total ZSL staff complement to 390.

The combined effect of (a) + (b) is shown in Table 3

516 These measures have had the effect of reducing ZSL's overall staff (excluding seasonal staff) complement by 20% between 1 January 1979 and 31 March 1982. In 1981 values this probably represents an annual saving of some £730,000 in salaries and wages, but with some loss of income on publications.

517 In June 1981 some staff of the ZSL drew up a list of possible economies which they considered could be achieved within one year, and together might save over £500,000. Several of these measures (contracting out catering at Regent's Park, closing the South Gate, economies in food and materials consumption, and further reductions in staff by natural wastage) have been put into effect, with a possible achievement of £150,000 of the projected savings. Others have been ruled out as conflicting with ZSL policies. We consider that the scope for further economies needs careful re-examination and that this should cover all activities and staff groups: in this connection we note that the numbers of staff engaged on animal management have scarcely altered since 1978.

Table 3: Movements in Full-Time Staff Numbers (1978 to 1982) Based on Staff In Post on 31 December in Each Year

	1978			1979			1980			1981		
	Regent's Park	Whipsnade Park	Total	Regent's Park	Whipsnade Park	Total	Regent's Park	Whipsnade Park	Total	Regent's Park	Whipsnade Park	Total
Animal Management	95	45	140	94	45	139	93	45	138	92	45	137
Construction, Maintenance Gardening, General and Public Services	101	40	141	101	40	141	102	39	141	91	40	131
Catering and Retail Department	63	13	76	60	13	73	67	11	78	56	9	65
Institute of Zoology	60	3	63	66	3	69	66	3	69	65	2	67
Other Scientific Departments including Publications and Library, and Education	49	-	49	(1) 54	-	54	20	-	20	20	-	20
Administrative Departments	22	7	29	22	7	29	20	7	27	22	6	28
	390	108	498	397	108	505	368	105	473	346	102	448

Note : (1) Including members of staff working in the Zoological Record Offices, Boston Spa, Yorkshire.

518 Whilst the major opportunities for economy may have been taken, there are a number of activities currently undertaken by ZSL staff in-house that might be contracted out to the benefit of ZSL's financial performance. It is possible that other publication could be made the subject of contractual arrangements similar to those negotiated for the Zoological Record. Retailing and some of the work of the architects and maintenance departments might also be contracted out. While contracting out activities to third parties does not necessarily guarantee cost savings, certain activities (like publications) can be particularly expensive when undertaken in-house and we are clear that the ZSL will need to review its activities with this in mind.

CONCLUSIONS

C.1 As stated in the Introduction, this 3-month study has essentially been an exercise in fact-finding. We have not been able to explore issues in great depth or to undertake wide-ranging comparative studies. We have not had the advantage of the conclusions of market surveys to be conducted this summer, nor of the results of the survey of British zoos being undertaken by the English Tourist Board (though we acknowledge gratefully the help given us by Lord Montagu of Beaulieu, Chairman of the latter Inquiry, and his colleagues, who have made available to us such data as they have gathered so far). Our Conclusions thus have a tentative character, and some are more in the nature of questions than answers. In particular, we have not examined the governance of the ZSL although we make observations on it.

C.2. We appreciate that Government, in setting up our study, had in mind a three-part question: namely to what extent were the current heavy financial losses incurred by the ZSL in recent years due to

- 1) exceptional but temporary external economic circumstances; or
- 2) the effect of unfavourable long-term trends; or
- 3) the policies, management and organisation of the ZSL.

Unless these questions can be answered authoritatively, it will not be possible to provide a means of achieving the Secretary of State's aim of helping the ZSL once again to be self-supporting.

C.3. This section of our Report is in three parts. First we set down some general conclusions about the ZSL as an institution. Second we comment on the issues raised specifically in our terms of reference. Third, we make a number of specific recommendations which we believe would help on the one hand to set the organization on the road towards self-sufficiency and on the other would help answer those questions we have to leave undecided.

The ZSL and the Nation

C.4. We are satisfied that the ZSL is a unique organization, in Britain if not in the world. Although it gave the word 'zoo' to the language, it is far more than a collection of animals open to public viewing. It is a major national and international scientific Society, publishes works of considerable importance, and sustains a major Research Institute which is conferring real benefits on medicine, agriculture and conservation. The close interdependence between the elements in the ZSL's work has impressed us, as we have stated in Section I, and we believe that to sever these links would not be beneficial to the nation or to the world. Throughout its history, it has grown in importance and stature, with major developments in its professional activities, especially in its role as an educational institution. We must pay

particular tribute to Lord Zuckerman, who has served as both Secretary and President of the Society. He has made an enormous contribution to the Society, and he has been instrumental in obtaining the finance for the huge capital development programmes which have resulted in the series of modern enclosures. The Society currently has development plans which could be blueprints for forward planning: what is lacking now are the funds with which to implement them.

C.5. It is ironic that a zoological collection like that at London and Whipsnade which is part and parcel of the culture of the nation should be supported by a private Society while the main museums and art galleries are funded by the State and provide free admissions for visitors. However, the primary purpose of our study is not to challenge this arrangement but to see whether it can be restored to financial viability. We believe that if appropriate measures are taken, it can. But we also accept that if the recommendations for restorative measures in this report fail, for reasons outwith the efforts and responsibilities of the ZSL, then other arrangements must be found to secure the future of the national institution. We reiterate that the ZSL is not just another zoo: other zoos depend upon it.

C.6. It also follows that we should seek ways of enhancing the commercial viability of the ZSL that sustain all the major components of its work, including the Education Centre, the Institute of Zoology, and its other professional activities. While different solutions will undoubtedly be appropriate to the different components, each has to be scrutinized for its consequential impacts. A solution that enhanced the attractiveness of the collections to the paying public, for example, ought not to make it impossible to breed particular endangered species or to do research on the factors limiting fertility.

C.7. It does not follow from all this that we assume that the current organization and management of the ZSL need not change. We believe that just as substantial managerial changes have been made in the past, more are likely to be necessary if the current disastrous financial trend is to be reversed. We set out below proposals for a new approach to marketing and financial management. What we are saying is that we believe that the services the ZSL provides - in terms of a public spectacle, education, research and a contribution to scientific learning - need to be sustained as an interlinked whole.

C.8. We have considered the proposition that the ZSL, the Royal Botanic Gardens and the British Museum (Natural History) might be amalgamated as a "Royal Institute of Natural History". Such a change would clearly imply a fundamental re-evaluation of the role of the ZSL, since these other organisations are public sector bodies largely financed by the taxpayer. (There is no entrance charge at the BMNH and a very small one at Kew Gardens). It would not be impossible to link the three bodies, even if the zoo remained largely funded by gate receipts, but the result would be a very large,

diverse body and its management would be difficult. It would also imply the separation of the Collections, and perhaps of the Institute, from the Society. We fail to see how this amalgamation would help financial viability and it could well complicate the administration and increase costs. Our first conclusion is, therefore, that the ZSL should not be pressed to amalgamate with any other body, or to surrender its collections to totally separate ownership. In our view the correct solution is to keep the collections, Institute and Society in association with one another. In the remainder of this Chapter we therefore seek ways of restoring the ZSL's finances.

The scope for change

C.9. The terms of reference instruct those conducting the Inquiry to consider the prospects for the ZSL becoming self-supporting, taking 7 specific issues into account.

C.10. Our first general conclusion is that whatever is done, the ZSL cannot become self-supporting quickly. The current slide into loss began several years ago. The drop in attendance the ZSL has experienced has also been seen at other London attractions such as the Tower, and at most other major zoos and Safari Parks. In part this is unquestionably due to the recession. In part it may well be due to changing tastes. The English Tourist Board survey and the ZSL's own market survey this summer may illuminate these issues. Even if the recession eases, as is now commonly expected, so that the public is better able to afford visits to zoos - and presuming they will wish to continue doing so - we believe that it will be three years before a combination of such extrinsic factors and the intrinsic changes we believe the ZSL should make will come to fruition. We conclude therefore that if the ZSL is to continue, it will need external financial help for at least 3 years. Without further work we cannot put a precise figure on the scale of that need, but it will obviously be of the order of £3 million - £4 million, excluding any major capital expenditure.

C.11. It is clear that the revenues taken at the turnstiles at Regent's Park and Whipsnade have been the overwhelming source of revenue for the ZSL for virtually the whole period since the Second World War. The key to financial viability is therefore to increase those revenues (while looking for any further operational economies). We have examined the business of the ZSL and conclude that while there is room for possible savings (described in Parts IV and V) the latter could not alone restore the position. What has already been done in reducing staff by wastage and contracting out catering and a substantial part of the publishing has removed the most obvious areas for economy, and the labour force now engaged in managing the collections is not large by comparison with other enterprises of comparable scale, (although we advise that the scope for a further reduction of 10-15% be explored). We believe that any further major economies could only be achieved by stopping areas of activity which would damage the overall service provided by the ZSL.

managerial
improvement
and

C.12. It has been put to us that the essential centre of "the zoo" is Regent's Park, and that one way toward financial stability is to dispose of Whipsnade Park, which is the ZSL's sole large saleable asset. We agree that this cannot be ruled out, although we regard it as the least attractive of the options we have considered. We appreciate that Whipsnade is stated to have a market value of £2 million. If this was realised it would therefore eliminate the ZSL's debts, and also annual losses currently running at £320,000 according to the accounts. We stress, however, that this valuation is a preliminary one. Moreover we consider that surrendering Whipsnade would be a retrograde step, and far from simple operationally. It would rule out for ever the ZSL's prospects of showing large animals in semi-natural conditions - a direction in which we expect zoos to move. It would destroy an important contribution to the survival of rare species. It would remove an important back-up to Regent's Park, to which some expensive activities might have to be transferred. It could not be done quickly, since new owners for the more important specimens would have to be found, and this would involve much negotiation (and probably some cost). It would also bring redundancy and other costs. We therefore conclude that the first aim should be to find a solution which retains Whipsnade Park as a self-financing asset, and this should be a major feature of our proposed Operational Plan.

C.13. We conclude that the generation of more revenue is the chief priority. We are satisfied that a more positive approach to marketing along the lines pioneered by some American zoos, could do much and we list some specific proposals for both 'fire brigade' action in the current year and prospects for future action in a later section. We believe that such marketing measures including the further development of new attractions, need not be incompatible with the location of Regent's Park in a Royal Park and Whipsnade in an Area of Outstanding Natural Beauty. Nor need they affront the natural dignity of the animals in the collections. We made some specific proposals in Part III.

C.14. We are clear that there is much to learn from the experience of other zoos, even though the ZSL is not strictly comparable with most of them, since it has so much stronger a scientific side. While we are aware that the ZSL is in touch with zoo developments throughout the world, we also know that it has been criticised for not having benefited fully from such examples in the past. We believe that insofar as such criticism is valid, it is in the area of marketing. There is some truth in the assertion that the stress on science may have led to a lower priority for the satisfaction of public interest. We set out some specific lessons in Part III.

The special position of Whipsnade

C.15. There is no doubt that Whipsnade has suffered from being the first of its kind. Whereas later large outdoor animal displays have been built around the motor car and the post-war stress on natural settings for assemblages of species with common ecology, Whipsnade is very much a creation of the 1930s, with its extensive walks around large paddocks. It is a wild animal farm rather than a contrived diorama.

But we consider that given the resources it could enhance its attractiveness if it were developed to use its landscape better and marketed as a centre for the conservation of endangered species, accepting the fact that the majority of today's visitors will expect to travel within so large an area partly by car.

The management of the ZSL's operations

C.16. We were asked to consider the case for separating both or either zoos from the rest of the ZSL's activities, and placing them under different management. We certainly believe that in accountancy terms it is right for the two collections, the Institute and the Society to be treated as distinct cost centres, with overheads properly apportioned, and we make specific recommendations for further improvements in this area. We have also made other recommendations designed to improve the financial regime of the ZSL. For reasons already explained, however, we do not think total separation would be desirable. We also believe that the "governance" of the ZSL needs further examination. We have deliberately stopped short of a detailed analysis, for this would demand the taking of evidence from many quarters - and a much longer time than that at our disposal. This examination needs to take place in conjunction with the preparation of the operational plan.

The educational role

C.17. The two Collections clearly have an important educational role, although we consider that even more could be made of this. We believe that more could be done to make a visit to the zoo more informative, by better labelling, some museum-type displays, better literature, filmshows, audio-visual aids and guided tours that explain to parties the significance of aspects of animal behaviour, diet etc.

C.18. We also believe that the service given to school parties, valuable though it is, could be made still better. We have been impressed by the Bullough report, written only a few years ago, and we believe that more of its proposals could usefully be adopted. We consider that the educational work of the ZSL could be a justifiable continuing use of public money, believing that in principle the educational potential at Regent's Park in particular is comparable with that available at Kew Gardens and at many museums supported almost wholly by the taxpayer.

The Institute of Zoology

C.19. The Institute of Zoology is a success story. It is clearly doing some very good research, and developing increasingly close links with the Research Councils. We advise that as a separate cost centre its activities must be fully costed: we comment on this in Part IV. Beyond this, we consider that the Institute is only justified by its location alongside the Collection, with close links between the two, and that it is very much in the national interest to exploit fully the outstanding research potential in the Collections. We therefore believe that the Institute should be retained, but we are in no position to evaluate whether the

total scale of its work or the balance between its service to the collections (eg through the Hospital) and its more fundamental biomedical research is right. We think this should be reviewed. We accept that the Research Councils are in the best position to evaluate the quality and priorities of the work done in their fields and see no need to comment on the development of contractual relationships with them. From all that we have heard, the Institute committee is operating as an effective Board of Management, well able (with the Director) to provide a contribution to the overall Operational Plan and to play an effective part in the future management structure.

The Learned Society

C.20. Finally we have a comment on the ZSL as a Learned Society. We consider that it should be treated as a separate cost centre for accounting purposes and that it should budget to cover its costs fully so that the Fellows are not subsidised by the paying public. We are not satisfied that the true cost of running the Society is apportioned to the membership at present, and we also consider that more should be done to recover from users the costs of the Library service. We believe that the publishing activities of the Society should be fully costed, taking salaries and other overheads into account, and that much can be done to make them more profitable on this basis. How the Society adjusts its charges is for the Council: we would be remiss however in failing to make the basic point that it should be a financial contributor to the whole enterprise.

Marketing

C.21. We stress that the ZSL is competing in an increasingly competitive leisure market. Marketing will be crucial to its generation of adequate public support. We consider that proper presentation, ~~pricing policy~~ and a clear understanding of visitor requirements will be essential if the opportunity (which we believe exists) to increase admission numbers significantly at Regent's Park and Whipsnade is to be taken. More management effort, market research and advertising expenditure will be essential. We stress that a zoo cannot stand still, and new attractions need continually to be developed and publicised. While in our proposals we concentrate on Regent's Park, because it is the most significant and urgent problem, it is our impression that Whipsnade may offer greater opportunity for commercial improvement in the long term.

Public Support

C.22. We are concerned by the limited membership of the ZSL compared with that of other national institutions and argue that it should be developed more as a 'supporter's club' - as the Fellowship was in the beginning, and the Young Zoologist's (XYZ) Club is, for one age group, today. Possibly such a Club should differ from the Associate Membership, and be managed distinctly from the ZSL as a Learned Society; for the image of the latter as a scientific body could prove a deterrent to the active enthusiasts the Club would seek to recruit and serve. An effective 'Friends of the Zoo', building on the start made recently by the Members Committee, would not only bring valuable financial support but provide help in kind, for example as volunteer guides and helpers at sales and information points.

The next steps

C.23. We believe that a further study of several months duration will be needed to develop an Operational Plan, and that should be the next step. We understand that the ZSL staff are themselves working on various alternative scenarios for the future and we welcome this. We urge that in the meantime two decisions are now taken:

- a) to continue support from public funds on the minimal scale, and for the minimal period, needed to prevent bankruptcy and to assist towards revenue maximisation;
- b) to establish as a next stage machinery for producing an Operational Plan to make its operations self-supporting, for approval by the Council of the ZSL, Government and other funding agencies.

C.24. This plan should set out development proposals for both zoos, covering the animal collections and the way they are presented to the public. It should cover the phasing of introduction of major new features, and less costly variations in between these. Information, interpretative facilities, special features for children, landscaping, picnic areas, pricing policy, retail outlets, promotional methods, advertising and continuing market research should be covered: we set out many detailed ideas in Part III. The plan should include detailed marketing proposals for 1983 and beyond and this section should be updated annually.

C.25. In parallel and close association with the preparation of the operational plan we are clear that the governance, organisation and management of the ZSL needs to be reviewed.

C.26. The actions we now advise fall into 2 categories: 'fire brigade measures' for the current season, and topics that need to be explored on a slightly longer time scale during the production of the Operational Plan. The two overlap, for there are many measures we consider should be introduced forthwith which will need extension and development in the years ahead. We have set out our proposals in Parts III and IV.

Zoological Society of London

Miss Fookes asked the Secretary of State for the Environment if he will make a statement regarding the finances of the Zoological Society of London.

Mr. Heseltine: The Zoological Society of London has indicated to the Government that it is in financial difficulties, and has sought assistance.

The Government have considered this request sympathetically, having in mind that the zoo has an international reputation, that it is a major London amenity and also an important tourist attraction. The Government, after a close scrutiny of the society's financial situation, have therefore agreed to make a grant to the society of an amount sufficient to keep it in funds, having regard to available bank overdraft facilities, for a short period,

during which a study will be conducted with the utmost urgency into whether the society can be made self-supporting in the longer term. The possibility of any further Government involvement at the end of the period will be for consideration in the light of the findings of the study and of the prospects of the society becoming self-supporting. The form of the study, to be jointly sponsored and financed by the Government and the society, is under urgent consideration, and I shall make a further announcement shortly.

The grant is not expected to exceed £1 million and can be met from savings in the Department's existing provision. Pending parliamentary approval of a Supplementary Estimate for this, an advance will be made from the Contingencies Fund, since funds are required immediately.

THE ZOOLOGICAL SOCIETY OF LONDON

COUNCIL AND COMMITTEES

1982/83

COUNCIL

President

PROFESSOR LORD ZUCKERMAN,
OM, KCB, MD, DSc, FIBiol, FRS

Treasurer

LORD BUXTON, MC, DL

Secretary

PROFESSOR J G PHILLIPS, PhD, DSc, FRS

E D BARLOW, MA, MB, BChir, FRCPsych, Vice-President
E M BEHRENS
PROFESSOR B B BOYCOTT, FIBiol, FRS
PROFESSOR W S BULLOUGH, DSc
D L DONNE
PROFESSOR R J HARRISON, MA, MD, DSc, FRS
R H HEDLEY, DSc, PhD, FIBiol, Vice-President
SIR WILLIAM HENDERSON, DSc, FRCVS, FIBIOL, FRS, FRSE, Vice-President
R M LAWS, PhD, FRS
THE HON WILLIAM McALPINE
PROFESSOR N A MITCHISON, DPhil, FRS
C J PERRIN
LADY DAPHNE STRAIGHT
THE HON SIR RONALD WATERHOUSE, JP, MA, LLB, Vice-President
HG THE DUKE OF WELLINGTON, MVO, OBE, MC, Vice-President
W L WHITEHOUSE, RD, MB, FRCS, FRCOG, FIBiol
PROFESSOR L WOLPERT, DIC, PhD, FRS
SIR PHILIP de ZULUETA, MA

Animal Welfare and Husbandry Committee

MISS MARY BRANCKER, OBE, FRCVS
MISS MARIE E COATES, PhD
M J COE, BSc, PhD
G CORNEY, MB ChB, MD, DCH, DRCOG
S A KEEBLE, BVSc, MRCVS
I KEYMER, PhD, FRCVS, MRCPath, FIBiol
N KING, BVSc, MRCVS
MISS GWYNETH LEWIS, BSc
PROFESSOR D E NOAKES, BVetMed, PhD, MRCVS
A J STEVENS, MA BVSc, MRCVS, DipBact, Chairman
T A P WALKER

Secretary: D M JONES, BSc, BVetMed, MRCVS, FIBiol

Awards Committee

PROFESSOR J M DODD, DSc FIBiol, FRS, FRSE, Chairman
PROFESSOR B K FOLLETT, PhD, DSc
MISS VERA FRETTER, DSc
MISS BARBARA M GILCHRIST, PhD
H N SOUTHERN, MA, DSc
PROFESSOR J E WEBB, DSc, PhD
C A WRIGHT, DSc, PhD, FIBiol

Secretary: MARCIA A EDWARDS, PhD, FLS

Education Committee

E D BARLOW, MA, MB, BChir, FRCPsych
MRS J W BONNARD, HMI
PROFESSOR W S BULLOUGH, DSc, Chairman
W CHAPMAN, TD, DipEdAd, MISM, MBIM
S F EVERISS, MBE, MA, MSc, FIBiol
P H GREENWOOD, DSc, FLS
O R IMPEY, MA DPhil
MRS JUDY KING
D MARSHALL, BSc, FIBiol
T G ONIONS, BSc, PhD, FIBiol
PROFESSOR K SIMKISS, PhD, DSc, FIBiol
J SPARKS, BSc, PhD
D J STANBURY, BSc, ARCS

Secretary: M K BOORER, BSc, DipEd

Finance Committee

E M BEHRENS
LORD BUXTON, MC, DL, Chairman
LORD DONALDSON, OBE
D L DONNE
THE HON WILLIAM McALPINE
C J PERRIN
C E GORDON SMITH CB, MD, FRCP, FRCPath
THE HON SIR RONALD WATERHOUSE, JP, MA, LLB
SIR RICHARD WAY, KCB, CBE
HG THE DUKE OF WELLINGTON, MVO, OBE, MC

Secretary: A M JONES, FCIS, FAAI, FBIM,

Gardens and Park Committee

L BORLEY
LADY CASSON, RIBA, FSIA
R d'ERLANGER
LORD DONALDSON, OBE
A M HASSELL
E HUTCHISON, MA(RCA), DipLA, ALI
THE HON WILLIAM McALPINE
LADY RUPERT NEVILL
N SITWELL
LADY DAPHNE STRAIGHT
HG THE DUKE OF WELLINGTON, MVO, OBE MC, Chairman
SIR GORDON WOLSTENHOLME, OBE, FRCP, FIBiol

Secretary: J W TOOVEY, AA(Dipl Hons), FRIBA

The Institute of Zoology Committee

PROFESSOR B A CROSS, ScD, CBE, FRS
PROFESSOR B K FOLLETT, PhD, DSc
PROFESSOR R L GARDNER, PhD, FRS
J S GARROW, MD, PhD, FRCP
PROFESSOR I M GLYNN, PhD, MD, FRS
SIR WILLIAM HENDERSON, DSc, FRCVS, FIBiol, FRS, FRSE, Chairman
PROFESSOR G E LAMMING, MS, PhD, FIBiol
PROFESSOR N A MITCHISON, DPhil, FRS

PROFESSOR J A F ROOK, DSc, FIBiol, FRSE, FRSC
PROFESSOR A J ZUCKERMAN, MD, DSc

Secretary: PROFESSOR J P HEARN, MSc, PhD, FIBiol

International Zoo Yearbook Editorial Board

M R BRAMBELL, VetMB, MA, PhD, MRCVS,
THE COUNTESS OF CRANBROOK
S F EVERISS, MBE, MA MSc, FIBiol
MISS JANET KEAR, PhD, Chairman
PROFESSOR DR H G KLÖS
R D MARTIN, DPhil, FIBiol
MISS JANE THORNBACK
IR D VAN DAM

Secretary: P J S OLNEY, BSc, DipEd, FLS, FIBiol

Promotion Committee

E M BEHRENS
LORD BUXTON, MC DL, Chairman
LORD DONALDSON, OBE
THE HON IVOR MONTAGU
C J PERRIN
SIR RICHARD WAY, KCB, CBE
W L WHITEHOUSE, RD, MB, FRCS, FRCOG, FIBiol

Secretary: J P GRIFFIN, BSc

Publications Committee

PROFESSOR E H ASHTON, .PhD, DSc, Chairman
PROFESSOR A d'A BELLAIRS, DSc, MRCS, FLS
PROFESSOR R J BERRY, MA, PhD, DSc, FRSE, FIBiol, PLS
PROFESSOR A J E CAVE, MD, DSc, FRCS, FLS
Professor J L CLOUDSLEY-THOMPSON, MA, PhD, DSc
PROFESSOR B K Follett, PhD, DSc
P H GREENWOOD, DSc, FLS
J P HARDING, PhD, FLS
PROFESSOR J D PYE, BSc, PhD, FLS
H N SOUTHERN, MA, DSc
V R SOUTHGATE, PhD

Secretary: MARCIA A EDWARDS, PhD, FLS

Zoological Record Editorial Board

J CLEVEDON BROWN, PhD, FLS
R CROSS, MA
R W CROSSKEY, DSc
PROFESSOR J GREEN, DSc, PhD
J P HARDING PhD, FLS
C M HUTT, FLS
A K KENT, PhD
D MACFARLANE, BSc
R A NEAL, DSc, PhD
J G SHEALS, PhD, FIBiol
E I WHITE, CBE, DSc, FRS
C A WRIGHT, DSc, PhD, FIBiol, Chairman

Secretary: MARCIA A EDWARDS, PhD, FLS

The Committees of Council

Committee	Role and Purpose	Meetings Per Year	Secretary
Gardens and Parks Committee	"To consider matters relating to layout, appearance, animal housing and amenities other than the catering, of the Gardens, Regent's Park and Whipprade Park; to consult where necessary with other committees and to report to Council so that the advice of the Committee can be taken into account in future planning."	Usually 4 times per year - twice at Regent's Park and twice at Whipprade Park.	1982/83 J. W. Toovey Esq., ZSL Architect.
Finance Committee	"To approve the annual estimates and accounts before presentation to Council; to examine the financial aspects of major projects; to receive reports on investments and to advise Council on financial policy."	Twice a year in November and February.	A. M. Jones Esq., ZSL Finance Officer.
The Institute of Zoology Committee	"To advise Council on all matters relating to the Institute of Zoology."	Three times a year.	J. P. Hearne Esq., ZSL Director of Science.
Animal Welfare and Husbandry Committee	"To advise Council on matters relating to animal welfare, husbandry and breeding records in the collection at both Regent's and Whipprade Parks, particularly in relation to the work of the Society's curators, veterinary officers and biologists."	Tends now to meet twice a year having previously met three times a year.	D. M. Jones Esq., ZSL Assistant Director of Zoos and Senior Veterinary Officer.
Education Committee	"To advise Council on all matters relating to the Society's educational activities."	Three times a year (once per academic term).	M. K. Boorer Esq., ZSL Education Officer.
Publications Committee	"To advise Council on matters concerning the publication of zoological research, to serve as an Editorial Board for the Journal of Zoology and Transactions of the Society; to make recommendations on library policy."		Ms M A Edwards
Zoological Record Editorial Board	"To advise on the scope, content and format of the Zoological Record."	Once a year.	Ms. M. A. Edwards. ZSL Assistant Director of Science (Publications and General).

Zoological Society of London

The Committees of Council (continued)

<u>Committee</u>	<u>Role and Purpose</u>	<u>Meetings Per Year</u>	<u>1981/82 Secretary</u>
International Zoo Yearbook Editorial Board	"To advise on the content and production of the yearbook".	Twice a year	P J S Olney Esq., ZSL Curator of Birds and Reptiles and Yearbook Editor.
Awards Committee	"Council presents awards for contributions to Zoology; the Stamford Raffles Award, the Scientific Medal; the Thomas Huxley Award; the Silver Medal; the Zoological Society of London; Frink Medal for British Zoologists and the Prince Philip Prize. The Committee advises Council on all matters relating to these awards."	Once a year	Ms M A Edwards
Promotion Committee	"To advise Council on measures relating to the promotion of the Society's aims and activities in order to ensure the long-term stability of the Society."	Once a year,	J P Griffin Esq

Zoological Society of London

SUMMARY OF THE MAIN PAPERS SUBMITTED REGULARLY TO COUNCIL AND THE COMMITTEES
OF COUNCIL BY THE MANAGEMENT OF ZSL

Papers Submitted to Council

- . Agenda for next meeting
- . Minutes of the previous meeting of Council
- . Statement of Visitors and gate receipts for the month
- . Minutes of meetings of committees of Council held since previous Council meeting
- . Report by the Director of Zoos (monthly)
- . Report by the Director Science (monthly)
- . Matters relating to the Fellowship.

Papers Submitted to the Gardens and Parks Committee

- . Agenda for next meeting
- . Minutes of the previous meeting of the Committee

Papers Submitted to the Finance Committee

- . Agenda for next meeting
- . Minutes of the previous meeting of the Committee
- . Investment of Portfolio reports
- . The annual budget for the forthcoming year

Papers Submitted to the Institute of Zoology Committee

- . Agenda for next meeting
- . Minutes of the previous meeting of the Committee
- . Monthly reports to Council by the Director of Science
- . Record of Board of Studies meetings

Papers Submitted to the Animal Welfare and Husbandry Committee

- . Agenda for next meeting
- . Minutes of the previous meeting of the Committee
- . Report by the Senior Veterinary Officer
- . Report by the Curator of Aquarium
- . Report by the Curator of Birds
- . Report by the Curator of Mammals
- . Report by the Curator, Whipsnade Park
- . Report by the Veterinary Officer, Whipsnade Park

Papers Submitted to the Education Committee

- . Agenda for next meeting
- . Minutes of the previous meeting of the Committee

Papers Submitted to the Publications Committee

- . Agenda for next meeting
- . Minutes of the previous meeting of the Committee
- . Summary of papers submitted for publication by ZSL
- . Summary of requests to produce material from ZSL publications

Papers Submitted to the Zoological Record Editorial Board

- . Agenda for next meeting
- . Minutes of previous meeting of the Board
- . Editor's report

Papers Submitted to the Zoological Record Advisory Committee

- . Agenda for next meeting
- . Minutes of previous meeting of the Committee.

Papers Submitted to the International Zoo Yearbook Editorial Board

- Agenda for next meeting
- Minutes of previous meeting of the Board

Papers Submitted to the Awards Committee

- Agenda for next meeting
- Minutes of previous meeting of the Committee
- Scientific medal nominations
- Thomas Hardy Huxley Award nominations
- Prince Philip Price nominations
- Stamford Raffles Award nominations
- Silver Medal nominations
- The ZSL Frink Medal for British Zoologists nominations
- Nominations for Honorary Fellowship

Papers Submitted to the Promotion Committee

- Agenda for next meeting
- Minutes of previous meeting of the Committee

CATEGORIES OF ZSL FELLOWSHIP/MEMBERSHIP

<u>Category of Fellowship/ Membership (Note 1)</u>	<u>Eligibility for Membership</u>	<u>Cost of Membership</u>	<u>Method of Election</u>	<u>Privileges of Membership</u>	
Honorary Fellows (18)	Eminent and distinguished persons whose association with ZSL would, in the opinion of Council, be of advantage to ZSL are eligible for election as Honorary Fellows. The number of such Honorary Fellows may not exceed 25 at any one time.	N/A	At the discretion of Council on the advice of the Awards Committee.	} As for Ordinary Fellows	
Ex Officio Honorary Fellows (17)	The principal officers of 17 named Societies are automatically entitled to be ex officio Honorary Fellows. The Societies include the Royal Society, The Royal Institution and the Royal College of Veterinary Surgeons.	N/A	Automatic election for the holders of the office of principal officer in each of the named Societies.		
Corresponding Members (61) (Honorary Fellows)	Persons not resident in the British Isles but who have, in the opinion of Council, through their scientific work or in other ways promoted the objects of the Society are eligible for election as Honorary Fellows - Corresponding Members. The number of corresponding members may not exceed 200 at any one time.	N/A	At the discretion of Council on the advice of the Awards Committee.		
Scientific Fellows (1,171)	Applications in respect of Scientific Fellowship must be supported by evidence, acceptable to Council, that the candidate is making or has made, a contribution to the advancement of zoology. The following will be considered as prima facie evidence for this purpose:- a) an honours or higher degree of a recognised university, or an equivalent qualification in natural science or veterinary science, or b) the possession of a degree of a recognised university, or equivalent qualification, taken at least partly in zoology, combined with a professional post in zoological work, or c) an original contribution to zoological knowledge, of a standard judged adequate by Council, published either in book form or in a recognised scientific journal.	Entrance Fee N11	Annual Subscription £5 to £25	A candidate must complete and submit an application form and be proposed by a fellow personally acquainted with him and seconded by two other Fellows. The candidate must submit "acceptable evidence" with his application to illustrate that he is making or has made a contribution to the advancement of zoology. All applications are considered by the Assistant Director of Science (Publications and General) and the 4 strong Selection Committee-Scientific Fellowship. On their recommendation applications will be rejected or submitted to Council for final approval.	} As for Ordinary Fellows

CATEGORIES OF ZSL FELLOWSHIP/MEMBERSHIP (cont'd)

Category of Fellowship/ Membership (Note 1)	Eligibility for Membership	Cost of Membership		Method of Election	Privileges of Membership
		Entrance Fee	Annual Subscription		
Ordinary Fellows (1,222)	<p>Applicants for Ordinary Fellowship must be at least 18 years of age and must be able to display an interest in the purposes and activities of the Society.</p> <p>(Associates of at least 7 years standing may seek Ordinary fellowship in which case the proposal requirement is waived).</p>	£15	£6 to £20 (Note 3)	<p>A candidate must fill in and submit an application form and be proposed by a Fellow personally acquainted with him and seconded by two other Fellows. Candidates applications are reviewed by a 4 strong Election Committee immediately prior to Council meetings and they decide whether or not specific applications should be put up before Council. The Election Committee usually comprises Lord Zuckerman, Dr. Barlow, Mr. Rawlins and one other member of Council.</p>	<ul style="list-style-type: none"> .to attend all meetings of the Society and to attend Symposia; .to use the Society's library; .to admission to the Zoological Gardens, Regent's Park, with two accompanied guests without charge; .to admission to Whipsnade Park, with two accompanied guests, without charge with free entry and parking for his/her car, subject to certain limitations; .to purchase guest tickets at a concessionary price. (The admission privileges may be enjoyed by the wife/husband of a Fellow in his/her absence).
Associates (4,314)	<p>Applications must be at least 18 years of age. Applicants between 14 and 18 will be required to submit a reference.</p> <p>Age is the only criteria regarding eligibility for Associate Membership.</p>	£10	£6 to £15 (Note 4)	<p>A candidate must fill in and submit an application form. Applications are submitted to Council for approval.</p>	<ul style="list-style-type: none"> .to attend Scientific meetings and Symposia; .to apply for a ticket to use the Society's library; .to admission to the Zoological Gardens, Regent's Park, with one accompanied guest without charge; .to admission to Whipsnade Park, with one accompanied guest without charge, with free entry and parking for his/her car, subject to certain limitations; .to purchase guest tickets at a concessionary price. (The privileges of an Associate are personal to him/her and are not transferable).

Notes:

- 1) The number of members, as at March 1982, is shown in paranthesis after each category of membership.
- 2) The actual subscription payable depends on whether or not the Fellow wishes to receive the Journal of Zoology and whether resident in the UK or overseas.
- 3) The actual subscription payable depends on whether the Fellow is resident in the UK or overseas and if living in the UK whether in the London area (within a 50 mile radius of Charing Cross) or elsewhere.
- 4) The actual subscription payable depends on whether the Associate is resident in the UK or overseas and if living in the UK whether in the London area (within a 50 mile radius of Charing Cross) or elsewhere.

COMMERCIAL IN CONFIDENCE



Guest Book WM 26/2

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

26 February 1982

Dear Michael

5 FEB 1982

LONDON ZOO

You sent me a copy of your letter to Leon Brittan of 26 January about the London Zoo, in the course of which you said that you saw no reason why the financing of the research and veterinary work of the Zoological Society of London should not be self-financing on a project grant basis.

So far as research is concerned, I outlined in my letter of 27 November last the special support currently being given from Research Councils for research at the Zoo's Institute of Zoology. The purpose of the special Research Councils' subvention - which is obviously on a very small scale alongside the sums discussed in your letter - was to provide "core" support with a view to helping the Institute to be in a position to obtain financing for its research programme through the normal mechanisms; but the Institute also depends on money from the Society itself. (Some work of the Institute is concerned with ensuring the health of the Zoo's animals and clearly this is particularly a matter for the Society.) This "core" support was seen as additional to grants which might be attracted from individual Research Councils and other research funding bodies in the ordinary way.

I understand that the Councils are still considering the question of any further support beyond 1982/83; I will do what I can to ensure that their thinking on this, if it is available in time, is made known to the people conducting the study which you recently announced.

I am copying this letter to the Prime Minister, Patrick Jenkin, John Biffen, Leon Brittan and Sir Robert Armstrong.

Gen. Jenkin

26 FEB 1982



JU10

COMMERCIAL IN CONFIDENCE

Wn 8/2

Govt. Dept.



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212
SWITCHBOARD 01-212 7676

3301

Secretary of State for Industry

5 February 1982

Rt Hon Leon Brittan QC MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
London SW1

Dear Leon,

LONDON ZOO

Michael Heseltine kindly copied to me his letter to you of 26 January no doubt because my officials have been involved in the preparation of the accountants' report.

2 The accountants' report shows clearly the growing burden of interest on the Zoo's finances and I suggest that Lord Zuckerman be encouraged to realise all possible assets to reduce the bank overdraft rather than use them to secure it. It is, of course, necessary to "buy time" in which to dispose of assets in an orderly manner and the advisability of any disposal at any time will depend on the balance of possible capital appreciation and income foregone as against the reduction in interest payable. No doubt there will also be need for time to resolve legal points of detail on assets earmarked to particular funds. Nevertheless, it does seem to me that the financial structure of the Zoo will not be sound until the overdraft is eliminated and early steps in that direction need not depend on the further review recommended as a condition of the guarantee.

3 I am copying this letter to the recipients of Michael Heseltine's.

Your ever
Patel

COMMERCIAL IN CONFIDENCE

8 FEB 1982

12 11 2 3
8 7 6 5 4

Prime minister 2

WA
5/2



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

4 February 1982

R. Michael,

MS

LONDON ZOO

Thank you for your letter of 26 January. It paints a depressing picture of an institution not only basically insolvent, but whose management appears to be so weak that it has no plan of its own for turning round its deficit. We need to know, quickly, whether the Zoo can be made into a financially viable organisation. Until then I am unwilling that we should commit any resources to the Zoo beyond the minimum necessary to give time to enable this question to be answered.

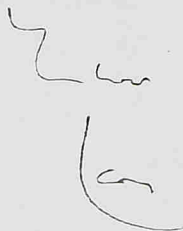
I am prepared to agree now that we support the Zoo for a period of 4 months only, during which time a study should be conducted with the utmost urgency into whether the Zoo can be made viable. It is not necessary that a plan be settled during this period down to the last detail. What we need to know by the end of the 4 month period is whether such a plan can be worked out at all.

As to the form of support I favour a grant. This will better emphasise the limited nature of the support. Leaving the financing of the longer term operation - if there is to be one - to be considered separately. If, after 4 months, there appears to be a good prospect of the Zoo becoming viable, we could consider giving any further bridging support by way of a loan to be recovered over a period, but I make no commitment to agree to this and will want to consider the position as a whole in the light of the findings of the study.

If you are prepared to go ahead on this basis, we need to decide the minimum grant required over this period over and above what the bank are prepared to accept on pledged security. I suggest that our officials get together to sort this out, and also the

details of, for example, the timing (it might be convenient to do it in 1981-82) and Vote aspects. I should expect you to find this amount, as well as your share of the cost of the study, from within the present cash provisions of the DOE.

The five conditions you propose are clearly right. My present agreement is subject to the Zoo signing up on them.

A handwritten signature in dark ink, consisting of a stylized 'L' followed by a series of loops and a long horizontal stroke, characteristic of Leon Brittan's signature.

LEON BRITTAN



Wm 4/2
gab
Muh
DEPARTMENT OF TRADE
1 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01 215 5662
SWITCHBOARD 01 215 7877

From the
Minister of State
for Consumer Affairs

The Rt Hon Sally Oppenheim MP.

The Rt Hon Leon Brittan QC MP
Chief Secretary
HM Treasury
Parliament Street
LONDON W1P 3AG

3 February 1982

LONDON ZOO

As the Zoo is not only a national institution but also a major tourism attraction, the Department of Trade shares Michael Heseltine's concern that it should continue.

As I believe has been made clear in the correspondence between Permanent Secretaries, the Department of Trade may well have a contribution to make to the task of getting the Zoo onto a more sound footing for the future, particularly by way of marketing advice and joint promotional schemes through the British Tourist Authority and the English Tourist Board. With this possibility in mind there is one thought which you may like to take into account when considering the conditions to be attached to the type of limited guarantee suggested in Michael Heseltine's letter of 26 January to you.

Although increases in costs have no doubt played a large part in the difficulties which the Zoo now faces, a very major consideration is that the number of people visiting the Zoo has slumped dramatically. The accountants' report mentioned in Michael's letter shows for example that the number of admissions to Regents Park Zoo fell from 1,668,000 in 1977 to 1,022,000 in 1981. Similarly for Whipsnade they fell from 415,000 to 344,000. Had the admissions remained at the 1977 level, income would now have been approximately £1.4 million per annum higher than it currently is and it is almost certain that we would not have had this current crisis. This gives rise to two points which should perhaps be taken into account in future considerations.



The accountants' report in its forecast for future years includes the assumption that in 1982 there will be a slight increase in the number of admissions and that the 1982 level will be maintained in 1983 and 1984. In the light of the severe downward trend for the last five years it is a little surprising that Lord Zuckerman regards the accountant's report as pessimistic in respect of attendance levels.

It will clearly be very important in any in-depth study of ways of returning the Zoo to long term viability that the necessity to attract more visitors to the Zoo is given full weight. It will probably be quite relevant to Condition d of Michael Heseltine's proposals that changes in the top management approach to the marketing of the Zoo will be just as important as their approach to financial control.

I am copying this letter to the Prime Minister, Michael Heseltine, Keith Joseph, Patrick Jenkin and to Sir Robert Armstrong.

John F. Taylor
Sally
SALLY OPPENHEIM

3 FEB 1962



10 DOWNING STREET

From the Private Secretary

29 January 1982

COMMERCIAL IN CONFIDENCE

LONDON ZOO

The Prime Minister has seen Mr. Heseltine's letter to the Chief Secretary of 26 January. She has commented that there are strong reasons why the Government should assist the Zoo, at least until it has been established whether the Zoo can be made viable.

I am sending copies of this letter to Helen Ghosh (Department of the Environment), Imogen Wilde (Department of Education and Science), John Rhodes (Department of Trade), Jonathan Spencer (Department of Industry) and David Wright (Cabinet Office).

W. F. S. RICKETT

Terry Mathews, Esq.,
HM Treasury.

JP
Saw
Mach
LB



Prime Minister 2

2 MARSHAM STREET
LONDON SW1P 3EB

The Zoo wish to raise their overdraft to £3m by the end of this year. Mr Heseltine proposes that HMG should guarantee any sums which the bankers will not meet on Medved security, up to this amount. This guarantee would be offered on the conditions listed at (a) to (e) on the leaf. The principal condition is that an in depth study of returning the Zoo to viability should be conducted. You may wish to assist the Chief Secretary's reaction before deciding whether to comment.

My ref:

Your ref:

26 January 1982

We shall have to keep the Zoo going. not requested.

Dear Chief Secretary

LONDON ZOO

WR 28/1

You will recall that, following an approach from Lord Zuckerman for Government assistance to London Zoo in the form of a guarantee of their bank overdraft, you agreed (in your letter of 5 November) that the Department of Industry's Accountancy Services Division should carry out a quick factual study of the Zoo's finances. Your officials have a copy of the report and my permanent Secretary has had some discussion with Sir Anthony Rawlinson.

By way of background, you will remember that this is not the first time that the Zoo have sought Government assistance. The earlier requests were in 1964 and 1969, when various loans and guarantees were given; and in 1969 there was also agreement to Government funding towards the Zoo's capital building programme. This finished in 1975. While the Zoological Society of London, as a charity and learned society, would wish ideally not to seek Government support (because this hampers its finding private money), the fact remains that almost all zoos in other countries receive substantial support from either the State or from the city in which they are situated. Zoos generally and particularly city zoos, have suffered in recent years from steep increases in staff and running costs, although Lord Zuckerman maintains that London Zoo have sought every possible economy and have for example put their catering operation out to private contract with Grand Metropolitan in order to seek a larger contribution to their funding problem.

The accountants report paints a gloomy picture, showing an immediate need for some £1,850,000 cash with a continuing need on reasonable assumptions (but which Lord Zuckerman regards as pessimistic in respect of attendance levels) for a gradually rising annual cash input of around £2m. The report is well argued, and must now form the basis for decisions on the way ahead. My officials have discussed it in detail with yours and with Lord Zuckerman, and we have sent a copy of it to the Zoo's bankers who, carrying an overdraft of £1.8m, are pressing for urgent remedial action. The bank indicated to Lord Zuckerman this week that their credit line will cease at the end of January, so there is a need for urgent decisions.

In discussion with your officials a number of options have been identified. First, we might simply say to the Zoo that Government is not prepared to assist them. It is possible that the bank might in these circumstances still continue to support the Zoo and try to safeguard their financial stake by themselves pressing for remedial measures. On the other hand they have apparently told Lord Zuckerman they will not. He has made it clear in discussion that if Government did indeed fail to respond to the request for a guarantee he would feel impelled to mount a national appeal for funds, making clear his

view that central and local government should contribute the main part of meeting the annual deficit. Given the importance of the Zoo as a national institution I believe that if we had appeared to do nothing to establish the facts about the possibilities of a return to viability there would undoubtedly be a major public row. I therefore feel that we do need to respond positively to the Zoo, though I am sure our assistance should be limited both in quantum and time and should be expressed publicly as buying time to the limited extent needed to establish whether the Zoo could be made viable. The possible options for providing assistance are then as follows:-

- a. We could guarantee for 12 months the full £3m overdraft which the report indicates will have accumulated by December 1982. This is what Lord Zuckerman has asked for; but it ignores the (unsecured) overdraft of £1.8m which the bank have already accepted, and also the availability of some assets, in particular Whipsnade Park, which the Zoo could offer as security.
- b. We could give only a "topping up" guarantee on an amount over and above what the bank were prepared to accept on pledged security, but subject to an overall maximum overdraft of £3m.
- c. We could make a loan, or an outright grant, to the Zoo. A grant in particular would save interest payments, but would have to be found immediately from public expenditure. This would have to be a call on the contingency reserve. Either course means finding money now, whereas a guarantee is a contingent liability for later on.

I favour course (b) above, as the least expensive and committing one, and the one which forces the Society to practise self-help to the maximum possible extent.

A grant or loan could appear to them as an invitation to postpone unpleasant decisions. The details of a guarantee would need to be sorted out between our officials, the Zoo and their bankers, and I would see great advantage in involving the Bank of England in those discussions. It should be possible, given the potential value of Whipsnade (it was I believe valued at £½m in 1962 when it was temporarily mortgaged) to restrict the amount of our guarantee to very much less than the £3m originally sought.

Any action of this kind must be accompanied by stringent conditions, to include:-

- a. Agreement to an in depth study (at mutually shared cost) of ways of returning the Zoo to long term viability.
- b. Agreement that such a study would not imply further Government assistance at the end of it.
- c. Agreement that the Zoo would not dispose of any assets without Government agreement.

d. Agreement to any necessary changes in the top management of the Zoo, particularly in the financial control area.

e. Consultation between the Zoo and the Government on major financial decisions such as the level of admission charges.

I would also see advantage in seeking to separate out from this operation the financing of the research and veterinary work of the Society, which is highly regarded worldwide. I see no reason why this should not be self-financing on a project grant basis. I hope Keith Joseph could help in securing this.

While Lord Zuckerman regards this preferred option as a minimum one, and is concerned at whether 12 months is long enough for the necessary studies, I believe he would accept it if it is all that is on offer. He is taking informal soundings of his bankers to assess their reaction.

I would be grateful for your early agreement to our taking forward detailed discussions on the basis of a limited guarantee as described above.

I am copying this letter to the Prime Minister, Keith Joseph, John Biffen, Patrick Jenkin and to Sir Robert Armstrong.

Yours sincerely
D. H. S.

For MICHAEL HESELTINE

*(letter approved by the Secy of State
and signed in his absence)*

9
8
7
6
5
4
3
2
1
0
1
2

27 JAN 1962

Govt Mach



WR
pa

Treasury Chambers, Parliament Street. SW1P 3AG

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

5 November 1981

D. Heseltine

I am sorry to have been slow to reply to your letter of 7 October about the finances of the London Zoo

I am content to agree your suggestion that the first step is to obtain an independent and reliable assessment of the Zoo's financial position. But I have to say that I would be extremely reluctant to agree any financial support for the Zoo. I therefore regard it as important that the assessment should be so conducted that it does not prejudice our ability to refuse their application or in any way imply that assistance of any kind is at all likely to be forthcoming

You asked me whether the work should be carried out by a Government or private sector accountant. On the whole I favour use of a Government accountant. That would keep the study, and its cost, under control, and reduce the danger that it would be the first step towards a commitment to support the Zoo. Your department will no doubt want to assure that a suitable accountant is available inside the Government service.

Ken Sharp, head of the Government Accountancy Service, knows of this matter and will no doubt be willing to help in finding someone. As to payment, my view on balance is that since the Zoo want the money it is they who should pay. If the work is done by the Government accountant, we should be able to keep control over it, even though the Zoo pays.

I am copying this letter to Ken Sharp at the Department of Industry.

WR

LEON BRITTAN

WR

410

2.

Govt. Secs

Prime Minister.

This reference will be taken

Armstrong will give his opinion.

me

AM

23/9/81

Ref: A05624

MR. WHITMORE

The London Zoo

The Prime Minister should perhaps be aware that the financial difficulties of the London Zoo are getting worse. Though there was the customary summer rise in the number of visitors to the Zoo, the levels still remain well below those of previous years. There might be a boost to attendances, if the panda gives birth to one or two baby pandas. Without that, it is expected that the Zoo's bank borrowing will need to pass its present limit of £1½ million before very long and will rise to a peak of £2½ million by next spring. Unless there is some change in the prospect, the time cannot be far off when the Council will have to say that they cannot continue to keep the Zoo open without outside help.

2. The immediate need may be for some kind of guarantee to cover an increase in bank borrowing over the £1½ million limit. In the not very much longer run, however, there will probably need to be a more fundamental look at the managing and financing of the Zoo. If it is to continue as a major London amenity and tourist attraction, the style of management may need to be changed and more effort and money spent on promotion. If that were done, it might be justifiable to contemplate more public assistance for the scientific side of the Zoo's activities.

3. The Department of the Environment is taking the lead in considering the Zoo's problems, and is in consultation with the Treasury. I do not think that there is any call for the Prime Minister to intervene at present; but reports of the Zoo's plight may reach her and I thought that it might be worth sending this background note.

REA

Robert Armstrong

22nd September 1981

23 SEP 1961

11	12	1
0	2	
9	3	
8	4	
7	6	5



DEPARTMENT OF TRADE

Permanent Secretary's Office
1 Victoria Street
London SW1H 0ET

Telephone Direct Line 01-215
Switchboard 01-215 7877

17 MAR 1981

✓ MRB

With the Compliments of

PS | *Sir Kenneth Lucas*



DEPARTMENT OF TRADE
1 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01 215 3785
SWITCHBOARD 01 215 7677

*From the Permanent Secretary
Sir Kenneth Clucas, K.C.B.*

17 March 1984

D J Wright Esq
Cabinet Office
70 Whitehall
LONDON SW1A 2AS

Dear David,

LONDON ZOO

Thank you for sending me a copy of your minute of 9 March to Mr Pattison with a draft reply to Lord Zuckerman's letter. Sir Kenneth has no comments except to agree with Sir Anthony Rawlinson that the last sentence should be omitted.

I am copying this to Mr Pattison (No 10) and to the Private Secretaries to Sir Anthony Rawlinson, Sir James Hamilton and Mr George Moseley.

*Yours ever,
J Phillips*

J PHILLIPS
Private Secretary

17 MAR 1981

9
8
7
6
5
4
3
2
1

po VS

Govt Mach

MR. WRIGHT
CABINET OFFICE

Thank you for your minute of 9 March,
reference AO4424.

The Prime Minister is entirely content
that Sir Robert Armstrong should reply to
Lord Zuckerman as proposed.

MAP

13 March 1981

b



With the Compliments of

The Permanent Secretary's
Private Secretary

DEPARTMENT OF EDUCATION & SCIENCE
Elizabeth House York Road London SE1 7PH
Telephone 01-928-9222 Extn



DEPARTMENT OF EDUCATION AND SCIENCE

Elizabeth House, York Road, London SE1 7PH

Telephone: 01-928 9222

The Permanent Secretary

Sir James Hamilton KCB MBE

✓
Gost
Mad

D J Wright Esq
Private Secretary to
Secretary of the Cabinet
Cabinet Office
LONDON
SW1

13 March 1981

Dear David,

Thank you for copying to me, with your minute of 9 March, the letter received by Sir Robert Armstrong from Lord Zuckerman about financial support for the London Zoo, and Sir Robert's suggested draft reply.

Sir James Hamilton has no comments on the draft reply, but would see no objection to the omission of the second paragraph as proposed by Sir Anthony Rawlinson.

Copies of this go to Mike Pattison at No 10 and to the Private Secretaries to Mr Moseley, Sir Anthony Rawlinson and Sir Kenneth Clucas.

Yours sincerely,
Kenneth Robinson

K ROBINSON
Private Secretary

16th March 1987

10
9
8
7
6
5
4
3
2
1

Mr. M. A. Pattison



Your Ref

with compliments

SIR ANTHONY RAWLINSON KCB

Treasury Chambers

Parliament Street

London SW1P 3AG

Tel: Direct Line 01-233

Switchboard 01-233-3000

R D J WRIGHT

LONDON ZOO

God Made

Sir Anthony Rawlinson has asked me to thank you for the copy of your minute to Mr Pattison of 9 March about the London Zoo. You will by now have seen Sir Anthony's letter to Mr Moseley dated 6 March. Sir Anthony suggests that the last paragraph of the proposed letter from Sir Robert Armstrong should be omitted.

2. Copies of this go to Mr Pattison and the Private Secretaries to Sir Kenneth Clucas, Sir James Hamilton and Mr George Moseley.

E. Balloch

MRS E BALLOCH

10 March 1981

010
Ref. A04424

MR. PATTISON

Prime Minister

Content for Robert
Armstrong to write
is in draft at 'A'?

Yes

MA
10/3

London Zoo

I mentioned to you on the telephone that Sir Robert Armstrong had received a letter from Lord Zuckerman about the question of financial support for London Zoo. I attach a copy of the letter, from which you will see that Lord Zuckerman says that he raised this with the Prime Minister at the recent luncheon of the Parliamentary and Scientific Committee.

2. The question of financial assistance for London Zoo is at present under consideration by the Department of the Environment and the Treasury. The Department of the Environment have suggested to the Treasury that the Zoo should be encouraged to launch an appeal both to stabilise its current account problems and also to help to fund the new aviary. If the Zoo do this, the Government might fund any shortfall between the total appeal outcome and the capital cost of the Zoo's new bird complex, subject to a maximum Government outlay of £1 million at 1981 prices, probably in 1982-83. Part of such a deal would be for the Department of the Environment to review the plans for the bird complex before any payment were made. They would also ask the Zoo to review its management structure and operations with the aid of management consultants. The Department of Trade have indicated that they support these proposals. They see the Zoo as a major tourist attraction and would be prepared to press the British Tourist Authority and the English Tourist Board (both grant-aided by the Department of Trade) to co-operate with the Zoo in joint promotional and marketing exercises. The Treasury have yet to comment on these proposals.

3. Sir Robert Armstrong is proposing to reply to Lord Zuckerman along the lines of the attached draft unless you have any additions to suggest to take account of Lord Zuckerman's reference to his conversation with the Prime Minister. Copies of this minute and of the enclosures go to the Private Secretaries to Sir Kenneth Clucas, Sir James Hamilton, Sir Anthony Rawlinson and Mr. George Moseley, whose comments I should also welcome.

D. J. Wright

D. J. WRIGHT

9th March, 1981



The Zoological Society of London

President: Professor Lord Zuckerman
OM, KCB, DSc, FRS

Secretary: R. H. Hedley,
DSc, PhD, FIBiol

Regent's Park London NW1 4RY
Tel. 01-722 3333

SZ/GB

CONFIDENTIAL

Sir Robert Armstrong, KCB,
Secretary to the Cabinet,
The Cabinet Office
70 Whitehall,
London SW1A 2AS



27th February, 1981

My dear Robert,

At the Parliamentary and Scientific Committee Luncheon on Wednesday, I had a chance to remind the P.M. about the desperate state of the Zoological Society and the London Zoo. She said that she would see what could be done as soon as she was back from Washington.

I am enclosing a statement which is going over my name in the Society's Annual Report for 1980; and it tells the whole story. My text will be set up in galley while I am away, and I am hoping that on my return it will be possible to change the concluding two paragraphs. Otherwise I fear that the press is bound to make more than a little fuss.

I do hope the P.M. can encourage the Secretary of State for the Environment and/or the G.L.C. to step in with the promise of a grant of, let us say, £½ million a year for three years. This would make it possible to keep our charges below the £3 level. Given no grant, and if we did what we would have to do, it would mean that a father, mother, and two children would have to be ready to spend £20 for a visit to the Zoo, excluding their transport costs.

I shall be back from Barbados in the week beginning 23rd March.

John Innes

THE ZOOLOGICAL SOCIETY OF LONDON

ANNUAL REPORT 1980

MESSAGE FROM THE PRESIDENT

1980 is more than likely to prove a watershed in the Zoological Society's affairs. For the first time since its foundation in 1826, the signs are that we can no longer rely on the revenues we ourselves raise to pay for the various activities which, as a major educational charity, we undertake in the fulfilment of the terms of our Royal Charter. It has always been our boast that this task was within our powers, at the same time as, since the 1950s, we have relied on benefactions from private donors and on grants from the major Foundations for most of the cost of rebuilding the 36 acres of Regent's Park of which we are the custodians, and for the developments that we have made in Whipsnade.

This is not to say that we have not experienced bad years before, or occasions when the policy of adjusting our gate charges to meet our costs did not work out just as planned. But when we have run into debt before, the reason has usually been that our expenditure in the years concerned increased because we had contributed from revenue to the cost of new building, as well as bearing the cost of maintenance of our older buildings and services. The situation is now much more serious because our present revenue is not sufficient to cover even our basic running costs. The bank charges on our current debt will inevitably worsen the position, and this will become even more grave as our debts increase. It no longer seems possible that the Society can continue to be solely responsible for the running of a major national institution without help from central and/or local government.

Seventy per cent of our total annual revenue comes from gate charges; eleven per cent comes from grants towards the cost of the research which we do; four per cent is contributed by surpluses from our catering and retail departments. In 1978 our total revenue was £3.56m and our expenditure £3.25m - a surplus of £310,000. In 1979, when expenditure was £4.01m, our revenues amounted to £3.88m - a deficit of £130,000. In 1980, when our revenues had risen to £4.33m, we had a deficit of £550,000. The most depressing feature of these figures is that 1980's

/cont'd....

severe negative swing occurred in spite of a twelve per cent increase in our revenues at Regent's Park and seventeen per cent at Whipsnade. It is the disproportionate rise in costs that has hit us so badly, the major factor being salaries and wages, where we have to abide by public-service wage settlements. When I became the Honorary Secretary in 1955, less than a half of our total expenditure went to the payment of staff. Today the proportion is some two-thirds, excluding the annual payments we now make to the assured Pension Fund which we established in 1958.

The serious financial blow which we suffered in 1980 was clearly due to the general fall in consumer expenditure and to the rise in costs. Since the Council has always tried to keep the gate charges, the main source of our revenue, down to the lowest level consistent with achieving a balance, we have necessarily had to make economies wherever possible. The fact that our administrative costs are less than eight per cent of our total expenditure can largely be attributed to the enormous contribution made, on a purely voluntary basis, by Fellows of the Society to the management of our affairs. Our school education programme is paid for largely by charges and subscriptions, and we have the high quality of the research work that is carried on in our laboratories to thank for the research grants they receive, now amounting to £370,000 a year. Our scientific publications pay for themselves, and the services provided by our Library, one of the finest zoological libraries in the world, cost only £57,000. Such further large-scale economies as we can introduce in addition to those we have already made could only be at the expense of the care of the animals and of the services we provide for the public. We are, in effect, up against a brick wall.

We can go on scraping the barrel in the search for further economies. We can delay some routine maintenance work. A committee of the Society's Members is now putting forward proposals which, if they can be implemented, could help add to our revenues. We are appointing a Commercial Manager to review and, if possible within the terms of the Charter, to expand our revenue-earning activities. But the only sensible thing that Council can do in order to meet the immediate situation is to put up the charges

/cont'd....

at the gates even though, in order to meet anticipated rising costs, the necessarily high level of admission charges may well reduce the number of visitors to our Zoos, other, perhaps, than tourists. Disregarding events such as the Changing of the Guard and state-supported Museums, which are free to the public, the Zoo is the third of the national tourist attractions after the Tower of London and Madame Tussauds.

We may have been able to rely on the 'demand' to go to the Zoo in the days when the population of London was growing rapidly; when not many Londoners had cars; when there were few other attractions; when, in the words of the Victorian music-hall ditty, "Walking in the Zoo is the OK thing to do". But all that is over. Attendances at the Zoo by British residents have gone down in recent years as our gate charges have gone up. The number of visitors fell last year by eleven per cent at Regent's Park, although Whipsnade still kept to its existing but, alas, low level. I can see nothing ahead that is going to reverse this trend. The average annual attendance in Regent's Park in the fifties was 1,986,000; in the sixties 1,899,000; in the seventies 1,765,000.

Many people outside the Society have long assumed that the Zoo, like Kew Gardens, has always been subsidized. This is not true. Unlike most other major zoos and indeed, all national zoos, we are not in receipt of any annual subvention from either central or local government. More than half of the running costs of the Paris Zoos are borne by the French Ministry of the Universities; the Washington Zoo is a Federal institution; and the New York Zoo is maintained by the City and also receives capital support from the Federal Government of the USA, as well as from private benefactors. Berlin, Rotterdam, Amsterdam and many others are all heavily supported from public funds. The Moscow Zoo is a government institution. But the London Zoo, still the pre-eminent institution of its kind in the world, has been maintained and built up as a charitable venture for all the years of its existence (apart from the support it gets indirectly by occupying rent-free public land in Regent's Park, and apart from two capital grants amounting to £1,850,000 it received from the Exchequer and one of £100,000 from the GLC). Since the land we occupy in Regent's Park belongs to the State,

/cont'd....

every building that we have put up there, not only over the past twenty-five, but over the last 150 years is, in fact, owned by the Crown.

Representations have been made both to the Government and to the GLC about the precarious state in which we now find ourselves. In the meantime, the Council has taken the only step it can in the circumstances and put up the gate charges once again in the hope that we will not lose by doing so. The charges at Regent's Park have been increased from their previous level of £2.75 for Adults and £1.25 for Children to £3.50 for Adults and £1.50 for Children.

In this note I have made no attempt to disguise the gravity of the situation. The Council consider it their duty to bring to your notice that, as a private society responsible for the running of a national institution, we may have reached a major turning point in our history.

S Zuckerman
President

A

DRAFT LETTER FROM SIR ROBERT ARMSTRONG
TO THE LORD ZUCKERMAN, OM, KCB, DSc, FRs,
THE ZOOLOGICAL SOCIETY OF LONDON,
REGENT'S PARK, NW1 4RY

London Zoo

Thank you for your letter of 27th February about London Zoo. I was grateful for the copy which you enclosed of your statement to be included in the Society's Annual Report for 1980. As you spoke to the Prime Minister on 25th February, I have sent copies of your letter and of the statement to No. 10; I have also sent copies to the Department of the Environment.

I hope that we shall be able to let you have an answer, one way or the other, when you get back from Barbados.



H M Treasury

Parliament Street London SW1P 3AG

Switchboard 01-233 3000

Direct Dialling 01-233 5362

Sir Anthony Rawlinson KCB
Second Permanent Secretary
Public Services

6 March 1981

G W Moseley Esq CB
Department of the Environment
2 Marsham Street
London SW1P 3EB

Dear George

I am sorry to have been slow to reply to your letter dated 12 February about the suggestion of a grant to the Zoological Society of London towards the cost of a new bird complex in Regents Park, about which Ken Clucas also wrote on 26 February.

On merits this looks an unpromising proposition in the present climate for public expenditure. If you do not want to say no firmly now, it would be possible to have it on the table as an additional bid for consideration in the forthcoming public expenditure survey, when the programmes for next and subsequent years within which you say the cost would be contained will be more firmly established. In that event, perhaps it could be explained why it should be suggested that the grant should be paid in 1982-83 when on-site work is not expected to begin before 1983-84 or to be completed before 1986-87.

But it would be unwise to assume that you will have any room in your programme when it has been revised. Surely the better course is for the Zoo to go ahead with their appeal and trim their expenditure within the limits of what they can raise.

I send a copy of this letter to Ken Clucas and Robert Armstrong.

Yours

Anthony Rawlinson

ANTHONY RAWLINSON



The Zoological Society of London

President: Professor Lord Zuckerman
OM, KCB, DSc, FRS

Secretary: R. H. Hedley,
DSc, PhD, FIBiol

Regent's Park London NW1 4RY
Tel. 01-722 3333

SZ/GB

CONFIDENTIAL

Sir Robert Armstrong, KCB,
Secretary to the Cabinet,
The Cabinet Office
70 Whitehall,
London SW1A 2AS



27th February, 1981

My dear Robert,

At the Parliamentary and Scientific Committee Luncheon on Wednesday, I had a chance to remind the P.M. about the desperate state of the Zoological Society and the London Zoo. She said that she would see what could be done as soon as she was back from Washington.

I am enclosing a statement which is going over my name in the Society's Annual Report for 1980; and it tells the whole story. My text will be set up in galley while I am away, and I am hoping that on my return it will be possible to change the concluding two paragraphs. Otherwise I fear that the press is bound to make more than a little fuss.

I do hope the P.M. can encourage the Secretary of State for the Environment and/or the G.L.C. to step in with the promise of a grant of, let us say, £½ million a year for three years. This would make it possible to keep our charges below the £3 level. Given no grant, and if we did what we would have to do, it would mean that a father, mother, and two children would have to be ready to spend £20 for a visit to the Zoo, excluding their transport costs.

I shall be back from Barbados in the week beginning 23rd March.

John Innes

THE ZOOLOGICAL SOCIETY OF LONDON

ANNUAL REPORT 1980

MESSAGE FROM THE PRESIDENT

1980 is more than likely to prove a watershed in the Zoological Society's affairs. For the first time since its foundation in 1826, the signs are that we can no longer rely on the revenues we ourselves raise to pay for the various activities which, as a major educational charity, we undertake in the fulfilment of the terms of our Royal Charter. It has always been our boast that this task was within our powers, at the same time as, since the 1950s, we have relied on benefactions from private donors and on grants from the major Foundations for most of the cost of rebuilding the 36 acres of Regent's Park of which we are the custodians, and for the developments that we have made in Whipsnade.

This is not to say that we have not experienced bad years before, or occasions when the policy of adjusting our gate charges to meet our costs did not work out just as planned. But when we have run into debt before, the reason has usually been that our expenditure in the years concerned increased because we had contributed from revenue to the cost of new building, as well as bearing the cost of maintenance of our older buildings and services. The situation is now much more serious because our present revenue is not sufficient to cover even our basic running costs. The bank charges on our current debt will inevitably worsen the position, and this will become even more grave as our debts increase. It no longer seems possible that the Society can continue to be solely responsible for the running of a major national institution without help from central and/or local government.

Seventy per cent of our total annual revenue comes from gate charges; eleven per cent comes from grants towards the cost of the research which we do; four per cent is contributed by surpluses from our catering and retail departments. In 1978 our total revenue was £3.56m and our expenditure £3.25m - a surplus of £310,000. In 1979, when expenditure was £4.01m, our revenues amounted to £3.88m - a deficit of £130,000. In 1980, when our revenues had risen to £4.33m, we had a deficit of £550,000. The most depressing feature of these figures is that 1980's

/cont'd....

severe negative swing occurred in spite of a twelve per cent increase in our revenues at Regent's Park and seventeen per cent at Whippsnade. It is the disproportionate rise in costs that has hit us so badly, the major factor being salaries and wages, where we have to abide by public-service wage settlements. When I became the Honorary Secretary in 1955, less than a half of our total expenditure went to the payment of staff. Today the proportion is some two-thirds, excluding the annual payments we now make to the assured Pension Fund which we established in 1958.

The serious financial blow which we suffered in 1980 was clearly due to the general fall in consumer expenditure and to the rise in costs. Since the Council has always tried to keep the gate charges, the main source of our revenue, down to the lowest level consistent with achieving a balance, we have necessarily had to make economies wherever possible. The fact that our administrative costs are less than eight per cent of our total expenditure can largely be attributed to the enormous contribution made, on a purely voluntary basis, by Fellows of the Society to the management of our affairs. Our school education programme is paid for largely by charges and subscriptions, and we have the high quality of the research work that is carried on in our laboratories to thank for the research grants they receive, now amounting to £370,000 a year. Our scientific publications pay for themselves, and the services provided by our Library, one of the finest zoological libraries in the world, cost only £57,000. Such further large-scale economies as we can introduce in addition to those we have already made could only be at the expense of the care of the animals and of the services we provide for the public. We are, in effect, up against a brick wall.

We can go on scraping the barrel in the search for further economies. We can delay some routine maintenance work. A committee of the Society's Members is now putting forward proposals which, if they can be implemented, could help add to our revenues. We are appointing a Commercial Manager to review and, if possible within the terms of the Charter, to expand our revenue-earning activities. But the only sensible thing that Council can do in order to meet the immediate situation is to put up the charges

/cont'd....

at the gates even though, in order to meet anticipated rising costs, the necessarily high level of admission charges may well reduce the number of visitors to our Zoos, other, perhaps, than tourists. Disregarding events such as the Changing of the Guard and state-supported Museums, which are free to the public, the Zoo is the third of the national tourist attractions after the Tower of London and Madame Tussauds.

We may have been able to rely on the 'demand' to go to the Zoo in the days when the population of London was growing rapidly; when not many Londoners had cars; when there were few other attractions; when, in the words of the Victorian music-hall ditty, "Walking in the Zoo is the OK thing to do". But all that is over. Attendances at the Zoo by British residents have gone down in recent years as our gate charges have gone up. The number of visitors fell last year by eleven per cent at Regent's Park, although Whipsnade still kept to its existing but, alas, low level. I can see nothing ahead that is going to reverse this trend. The average annual attendance in Regent's Park in the fifties was 1,986,000; in the sixties 1,899,000; in the seventies 1,765,000.

Many people outside the Society have long assumed that the Zoo, like Kew Gardens, has always been subsidized. This is not true. Unlike most other major zoos and indeed, all national zoos, we are not in receipt of any annual subvention from either central or local government. More than half of the running costs of the Paris Zoos are borne by the French Ministry of the Universities; the Washington Zoo is a Federal institution; and the New York Zoo is maintained by the City and also receives capital support from the Federal Government of the USA, as well as from private benefactors. Berlin, Rotterdam, Amsterdam and many others are all heavily supported from public funds. The Moscow Zoo is a government institution. But the London Zoo, still the pre-eminent institution of its kind in the world, has been maintained and built up as a charitable venture for all the years of its existence (apart from the support it gets indirectly by occupying rent-free public land in Regent's Park, and apart from two capital grants amounting to £1,850,000 it received from the Exchequer and one of £100,000 from the GLC). Since the land we occupy in Regent's Park belongs to the State,

/cont'd....

every building that we have put up there, not only over the past twenty-five, but over the last 150 years is, in fact, owned by the Crown.

Representations have been made both to the Government and to the GLC about the precarious state in which we now find ourselves. In the meantime, the Council has taken the only step it can in the circumstances and put up the gate charges once again in the hope that we will not lose by doing so. The charges at Regent's Park have been increased from their previous level of £2.75 for Adults and £1.25 for Children to £3.50 for Adults and £1.50 for Children.

In this note I have made no attempt to disguise the gravity of the situation. The Council consider it their duty to bring to your notice that, as a private society responsible for the running of a national institution, we may have reached a major turning point in our history.

S Zuckerman
President

Action
RESTRICTED*See March*
VMS

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

L(81)54
20 February 1981

COPY NO 02

CABINET

LEGISLATION COMMITTEE

ZOO LICENSING (NO 2) BILL

Memorandum by the Secretary of State for the Environment.

1. Mr John Blackburn has drawn sixth place in the Ballot for his Zoo Licensing Bill (a copy of which is attached) which is down for Second Reading in the House of Commons on 6 March, when it has first place in the order of business. H Committee has given policy approval for the Government to support such a Bill if introduced privately (Home Secretary's letter to me of 7 August 1980).
2. The purpose of the Bill is to provide for the systematic control and inspection of zoos and similar establishments where wild animals are kept for exhibition to the public. The Bill would make it unlawful to maintain a zoo except under the authority of a licence issued by the local authority. It sets out procedures for granting, and grounds for refusing, a licence and provides for periodic inspections which would be carried out by inspectors, some appointed by the local authority and others nominated by the Secretary of State.
3. Most establishments in which wild animals are kept are subject to some form of statutory control, but there is no legislation dealing specifically with zoos. Successive administrations have indicated that they were not in principle opposed to legislation to control zoos, provided that its provisions were agreed by the interests concerned and did not involve unacceptable demands on central or local government manpower or resources.
4. Mr Blackburn's Bill is based on one which has been prepared by Lord Craigton and introduced into the House of Lords. Lord Craigton's Bill was drawn up in consultation with a Working Party which consisted of representatives from zoo organisations, animal welfare bodies, local authority associations and the Home Office

RESTRICTED

RESTRICTED

(which until February 1980 was the lead Government Department responsible for zoos). Mr Blackburn's Bill incorporates some drafting improvements which have been suggested by, or discussed with my Department. However, it differs from Lord Craigton's Bill in principle by being less lenient in its treatment of existing zoos. Whereas Lord Craigton's Bill is framed to promote a gradual improvement of zoo standards through the conditions attached to licences, Mr Blackburn's Bill requires local authorities to refuse a licence to any zoo whose standards of accommodation, staffing or management are judged inadequate 6 months after the Act comes into effect. I consider Mr Blackburn's approach to be too harsh and inflexible and I shall be seeking to have his Bill amended to allow local authorities discretion to decide whether or not a licence should be granted.

5. I expect that attempts will be made to amend the Bill to strengthen the protection given to zoo animals. I intend to oppose any proposals which would involve the creation of costly bureaucratic machinery or which would lead to zoos being put out of business instead of being given time to effect improvements. I consider that the arrangements proposed in the Bill for administering the licensing system should be adequate to ensure the development of national standards while making minimal demands on central and local government resources. The provisions for licensing to be carried out by local authorities seem to offer the most economical machinery for administering the licensing system. The Secretary of State's involvement (nominating zoo inspectors and arbitrating in the event of disagreements over recommendations as to licensing conditions) will provide for harmonisation of standards. The fees of the Secretary of State's inspectors will be paid by the licensing authority and recovered from the zoos in charges. The work involved in nominating the Secretary of State's inspectors etc can be carried out by staff already in post.

6. The Bill will empower local authorities to set zoo licensing conditions relating to measures for ensuring the health, and safety of the public and zoo staff. I am advised that zoos are already covered by the Health and Safety at Work etc Act 1974 and that the HSE consider that the provisions of this Act are adequate to control the health and safety of staff and the public in zoos and similar establishments. HSE are concerned that licensing conditions set by local authorities could conflict with HSE requirements and they wish to see the Bill amended to make it clear that health and safety at work matters are not the concern of the zoo licensing authority nor the local authority inspectors. They do not consider that the saving provision in Clause 20 of the Bill fully meets their requirements; an appropriate amendment will therefore be needed.

7. I am advised by the Lord Chancellor's Department that the provision whereby a person aggrieved by the decision of a Magistrate's Court (to whom he has appealed against a licence condition or refusal of a licence) may appeal to the Crown Court is unnecessary and undesirable. An amendment will therefore be required.

RESTRICTED

RESTRICTED

8. The Bill has no implications for our European Community obligations.

9. I invite the Committee to agree that the Government should support the Bill in principle but should seek appropriate amendments as indicated above.

MH

Department of the Environment
20 February 1981

RESTRICTED

Zoo Licensing (No. 2) Bill

EXPLANATORY MEMORANDUM

The object of this Bill is to provide for the systematic control and inspection of establishments where wild animals are kept for exhibition to the public. In order to maintain such an establishment the proprietor would require a licence from the local authority (*clause 1*). The grounds for refusing an application for a licence are set out in *clause 4*, and relate both to the health and safety of the public and to the proper care of the animals exhibited. Licences would be granted in the first instance for a period of four years, and any subsequent extension for a period of six years (*clause 5*).

Once licensed, a zoo would be subject to periodical and special inspections carried out on behalf of the licensing authority by inspectors appointed for the purpose. These would include members of a list of veterinary and other experts to be appointed by the Secretary of State for the Environment. The licensing authority would be enabled to make charges to the proprietors of zoos on account of their costs on inspections and other functions under the Bill (*clauses 8 to 14*). Licences would be required for existing zoos in operation before the Bill comes into force, subject to the transitory provisions of *clause 19*.

Financial effect of the Bill

Clause 8 provides that the Secretary of State may defray or contribute towards the cost of appointing and maintaining the list of veterinary and other experts.

Zoo Licensing (No. 2) Bill

ARRANGEMENT OF CLAUSES

Licences

Clause

1. Licensing of zoos by local authorities.
2. Application for licence.
3. Consideration of application.
4. Grant or refusal of licence.
5. Period and conditions of licence.
6. Renewal of licence.
7. Transfer, transmission and surrender of licence.

Inspections

8. Secretary of State's list.
9. Periodical inspections.
10. Special inspections.
11. Informal inspections.
12. Local authority zoos.
13. Dispensation for particular zoos.
14. Fees and other charges.

Miscellaneous

15. Temporary transfer of collection.
16. Revocation of licence.
17. Appeals.
18. Offences and penalties.

Supplemental

19. Transitory provision for existing zoos.
20. Interpretation.
21. Consequential amendments.
22. Short title, commencement and extent.

A
B I L L

TO

Regulate by licence the conduct of zoos.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:— A.D. 1981

5 *Licences*

1.—(1) Subject to this section it is unlawful to maintain a zoo Licensing of to which this Act applies except under the authority of a licence zoos by local issued under this Act by the local authority for the area within authorities. which the whole or the major part of the zoo is situated.

10 (2) In this Act "zoo" means an establishment where wild animals (as defined by section 20) are kept for exhibition to the public otherwise than for sale, or, for purposes of a circus (as so defined); and this Act applies to any zoo to which members of the public have access, with or without charge for admission, 15 on more than seven days in any period of 12 consecutive months.

(3) The local authorities for the purposes of this Act are—

(a) in England and Wales, the district councils, the councils of London Boroughs and the Common Council of the City of London;

20 (b) in Scotland, the islands councils and district councils.

(4) In relation to zoos in operation before the commencement of this Act this section and section 2 have effect subject to the provisions of section 19.

2.—(1) An application to the local authority for a licence for Application 25 a zoo may be made by the proprietor or intending proprietor. for licence.

(2) An application shall not be entertained by the local authority unless, at least two months before making it, the applicant has given notice in writing to the local authority of his intention to make the application, has published notice of that intention in at least two newspapers circulating in the locality and has exhibited a copy of that notice at the site.

(3) Any notice given or published under subsection (2) must identify the situation of the zoo for which the application is to be made; and the notice to the local authority must specify—

- (a) the kinds of animals listed in taxonomic category 10 of Order and approximate number of each group kept or to be kept for exhibition on the premises and the arrangements for their accommodation, maintenance and wellbeing;
- (b) the approximate numbers and categories of staff employed or to be employed in the zoo;
- (c) the approximate number of visitors and motor vehicles for which accommodation is or is to be provided;
- (d) the approximate number and position of the means of access provided or to be provided to the premises.

(4) Any notice given to the local authority under this section shall, until the disposal of the application to which it relates, be kept available by the authority at their offices for public inspection free of charge at reasonable hours.

Consideration
of application.

3.—(1) On the consideration of an application for a licence the following persons in addition to the applicant are entitled (subject to subsection (2) below) to be heard in person or by representative:—

- (a) an appropriate officer of police;
- (b) the chief fire officer of the fire authority;
- (c) the governing body of any established national institution concerned with the operation of zoos;
- (d) where the local authority are not the local planning authority for the area in which the premises or any part of the premises are situated, the latter authority;
- (e) the owner or occupier of any premises in the neighbourhood of the zoo which would or might be adversely affected by the establishment or continuance of the zoo.

(2) An objector is not entitled to be heard unless he has given to the applicant and the local authority at least seven days before the hearing of the application notice in writing of the grounds on which he proposes to contend that the application ought to be refused or the licence granted subject to conditions.

4.—(1) The local authority shall refuse to grant a licence for a zoo if they are satisfied that the establishment or continuance of the zoo would injuriously affect the health or safety of persons living in the neighbourhood of the zoo, or seriously affect the preservation of law and order.

(2) The local authority shall refuse to grant a licence for a zoo if they are satisfied, after consultation with the list, that the standards of accommodation, staffing or management are inadequate for the proper care and well-being of the animals or any of them or otherwise for the proper conduct of the zoo.

(3) The local authority shall also refuse to grant a licence if the applicant (or, where the applicant is a body corporate, any director or manager thereof) or any person employed or proposed to be employed as a keeper in the zoo has been convicted of an offence under this Act or under any of the following enactments—

	The Conservation of Wild Creatures & Wild Plants Act 1975 ;	The Pet Animals Act 1951 ; 1975 c. 48.
		The Animal Boarding Establishments Act 1963 ; 1951 c. 35. 1963 c. 43.
20	The Protection of Birds Acts 1954 to 1976 ;	The Riding Establishments Acts 1964 and 1970 ;
	The Protection of Animals Acts 1911 to 1964 ;	The Breeding of Dogs Act 1973 ; 1973 c. 60.
	The Protection of Animals (Scotland) Acts 1912 to 1965 ;	The Endangered Species (Import & Export) Act 1976 ; 1976 c. 72.
25		The Dangerous Wild Animals Act 1976 ; 1976 c. 38.
	or of any other offence involving the ill-treatment of animals (no account being taken for the purpose of this subsection of a conviction which has become spent for the purposes of the Rehabilitation of Offenders Act 1974).	1974 c. 53.

(4) If the local authority are not satisfied that any planning permission required under Part III of the Town and Country Planning Act 1971 or under the Town and Country Planning (Scotland) Act 1972, for the establishment of the zoo or for the continuance of the zoo during the period for which the licence would be in force, has been, or is deemed to be, granted, they shall either refuse to grant the licence or grant the licence but suspend its operation until the local planning authority within the meaning of the said Act of 1971 or, as the case may be, 1972 have notified the local authority that any such planning permission has been or is deemed to be granted.

(5) Except as provided by this section the local authority shall not refuse to grant a licence pursuant to an application and if they do refuse to grant it they shall send to the applicant by post a written statement of the grounds of their refusal.

(6) When a licence is granted the local authority shall send it to the applicant by post and the licence or a copy of it shall be publicly displayed at each public entrance to the zoo.

Period and conditions of licence.

5
5.—(1) An original licence granted under this Act shall be granted for a period of four years beginning with the date specified in the application as the date on which it is granted or any later time specified or described in the licence.

(2) A fresh licence granted under this Act to the holder of an existing licence shall be granted for a period of six years beginning with the end of the period of the existing licence. 10

(3) Any licence under this Act may be granted subject to such conditions as the local authority think necessary or desirable for ensuring the proper conduct of the zoo during the period of the licence, including conditions relating to the following—

(a) precautions to be taken against the escape of animals, 15 and steps to be taken in the event of any escape or unauthorised release ;

(b) records to be kept of acquisitions, births, cause of deaths, disposals, escapes if any and the health of animals ;

(c) insurance against liability for damage caused by animals. 20

(4) Every licence shall include the condition that no exotic animal shall be knowingly released without the permission of the local authority.

Renewal of licence.

25
6.—(1) Where application for the renewal of an existing licence is made to the local authority not later than six months before the end of the period of the licence or such shorter time as the local authority may in special circumstances allow the local authority may either—

(a) by order extend the period of the existing licence ; or

(b) direct the applicant to apply for a fresh licence in 30 accordance with sections 2 and 3.

(2) Where application for a fresh licence is made by the holder of an existing licence, the existing licence shall, if the application is made before the end of the period of that licence or within six months after notice of a direction given to the applicant under 35 subsection (1)(b), continue in force until the application is disposed of, and if the application is refused, for a further period of three months.

(3) Any extension of the period of an existing licence under subsection (1) (a) shall be granted for a period of six years beginning with the end of the period of the existing licence. 40

(4) The local authority shall give notice to the holder of any licence granted by that authority, not later than nine months

before the end of the period of the licence, of the latest date on which application for renewal may be made under this section.

7.—(1) A licence for a zoo may with the approval of the local authority be transferred to another person, and in that case the transferee becomes the holder of the licence from the date on which the transfer is registered by the local authority.

Transfer,
transmission
and surrender
of licence.

(2) On the death of the holder of a licence, the personal representatives of the deceased are deemed to be the holders of the licence during the period of three months after the death or such longer period as the local authority may approve.

(3) The holder of a licence may at any time surrender it to the local authority who shall thereupon cancel the licence.

Inspections

8.—(1) The Secretary of State shall, after consultation with such persons as he thinks fit, appoint a list of veterinary surgeons with experience of exotic animals and of persons who are qualified to inspect and advise on matters relevant to the health and welfare of animals kept in a zoo.

Secretary of
State's list.

(2) Members of the list may make to the licensing authority such charges for their services and other expenses as the Secretary of State may from time to time determine.

(3) *The Secretary of State may, to such extent as may be approved by the Treasury, defray or contribute towards the expense of appointing and maintaining the list and he may give guidance as he considers appropriate on matters connected therewith, and he may consult with any or all of them as he considers appropriate.*

9.—(1) The local authority shall carry out periodical inspections in accordance with this section of any zoo for which a licence granted by that authority is in force.

Periodical
inspections.

(2) Before any such inspection the local authority shall, after consultation with the proprietor of the zoo, give him at least four weeks notice of the date upon which it is proposed to carry it out.

(3) Inspections under this section shall be made at the following times—

(a) in the case of an original licence, during the first year and not later than six months before the end of the fourth year of the period of the licence;

(b) in the case of a renewed licence or fresh licence granted to the holder of an existing licence, during the third year and not later than six months before the end of the sixth year of the period of that licence.

(4) The following provisions apply to any inspection to be carried out under this section:

(a) the inspection shall be conducted by the following inspectors, namely—

(i) not more than three appointed by the local authority, being persons who appear to the authority to be qualified for the purpose, at least one of whom shall be a veterinary surgeon or veterinary practitioner; and

(ii) two nominated after consultation with the local authority by the Secretary of State from the list, one of whom shall be a veterinary surgeon, and the names of all persons inspecting shall be notified to the proprietor of the zoo;

(b) the proprietor may give notice to the local authority of objection to any one or more of the inspectors, and the local authority or the Secretary of State as appropriate may if they think fit give effect to any such objection;

(c) representatives of the proprietor not exceeding three in number may accompany the inspectors on the inspection; and the inspectors may require the attendance of any veterinary surgeon or veterinary practitioner employed in or retained in or for the purposes of the zoo;

(d) the inspection shall extend to all features of the zoo directly or indirectly relevant to the health, welfare and safety of the public, the staff and the animals, including measures for the prevention of the escape of animals;

(e) the inspectors shall require the production of all records kept by the proprietor in pursuance of conditions of the licence under section 5(3)(b).

(5) The inspectors shall send their report to the local authority, and the report may include advice on the keeping of records and recommendations for any practicable improvements designed to bring any features of the zoo up to the normal standards of modern zoo practice.

(6) Any disagreement between the inspectors over recommendations to be made in their report relating to the welfare of the animals or any of them may be referred to the Secretary of State, who may, after consultation with such members of the list as he thinks fit, give such guidance as he thinks proper in regard to the recommendations to be made.

(7) Within one month after receiving the report of the inspection the local authority shall send a copy to the proprietor of the zoo and give him an opportunity to comment on it.

10.—(1) The local authority may at any time and without reference to the Secretary of State carry out a special inspection of a zoo for which a licence granted by them is in force if they consider it appropriate to do so having regard to—

- 5 (a) any periodical report on the zoo made to them pursuant to section 9 ; or
- (b) any representations made to them on behalf of a properly constituted body concerned with any aspect of the management of zoos or the welfare of the animals ;
- 10 or
- (c) any other circumstances which in their opinion call for investigation.

(2) A special inspection under this section shall be conducted by persons appearing to the local authority to be qualified for the purpose: and paragraphs (c) to (e) of subsection (4) and subsections (5) to (7) of section 9 apply as they apply to a periodical inspection except that the references in subsections (4)(d), (4)(e) and (5) to features and records and improvements are references only to features and records and improvements relevant to the purpose of the special inspections.

15

20

11.—(1) Without prejudice to sections 9 and 10, the local authority shall make such arrangements as they think fit to ensure that any zoo for which a licence granted by that authority is in force is visited by an inspector appointed by that authority at least once in any calendar year in which no inspection is made under those sections.

25

(2) Any such visit may be made either by arrangement with the proprietor of the zoo or, without such arrangement, by the use of facilities available to the public when the zoo is open to the public.

30

12.—(1) When a local authority is the owner or occupier or proprietor of a zoo to which this Act applies they shall appoint a director or other person to be responsible to them for the conduct of the zoo under this Act and to whom section 7(1) may apply.

35

(2) For all purposes connected with the health and welfare of the animals they shall appoint a veterinary surgeon or veterinary practitioner as referred to in Clause 9(4)(c) who shall have no pecuniary connection with the veterinary surgeon or veterinary practitioner in section 9(4)(a)(i) and section 11.

40

Dispensation
for particular
zoos.

13.—(1) In the case of a small zoo comprising one or only a few kinds of animals the Secretary of State may at any time after the passing of this Act, on the recommendation of the local authority and after consultation with the list if he thinks fit, direct—

- (a) that this Act shall not apply to that zoo ; or
- (b) that sections 9 and 10 or either of them shall not apply thereto.

(2) Any directions given under subsection (1) may be revoked or varied by the Secretary of State in accordance with that subsection.

(3) In the case of any zoo which is subject to periodical inspections under section 9, the attendance of members of the list at such inspections may be dispensed with (unless specifically requested by the local authority or the proprietor) if the report of the first or any subsequent inspection under that section includes a recommendation to that effect.

Fees and
other charges.

14.—(1) Subject to this section, the local authority may charge such reasonable fees as they may determine in respect of—

- (a) applications for the grant, renewal or transfer of such licences ;
- (b) the grant, renewal or transfer of licences ;

and may charge to the proprietors of zoos such reasonable sums as they may determine on account of expenses incurred by them upon inspections under sections 9 to 11.

(2) Any fee charged under paragraph (a) of subsection (1) in respect of an application shall be treated as paid on account of the fee charged under paragraph (b) on the grant, renewal or transfer applied for.

(3) In the case of a special inspection of a zoo under section 10 the local authority shall consider whether having regard to all the circumstances a reduced charge or no charge should be made, and before deciding to make any charge shall notify the proprietor and take into account any representations made by him.

(4) In determining the amount of any fee or other sum to be charged under this section the local authority may have regard to the importance of the zoo as an amenity or for purposes of education, research or conservation of endangered species, to the rateable value of the premises and to the ability of the proprietor to pay ; and the authority may, if so requested by the proprietor, accept payment by instalments.

(5) Any fee or other charge payable under this section by any person shall be recoverable by the local authority as a debt due from him to them.

Miscellaneous

15.—(1) The local authority may, on the request in writing of the holder of a licence for a zoo, by order authorise the transfer to another site of the whole or any part of the collection of animals for exhibition there during a period not exceeding six months in any period of twelve months.

Temporary transfer of collection.

(2) Before making an order under this section, the local authority shall satisfy themselves that the conditions under which the animals are to be transported and maintained at the other site are satisfactory and, if the site is within the area of another authority, that the transfer is agreed to by that authority.

(3) The local authority and, where the site is within the area of another authority, that other authority shall make such arrangements as they think reasonable for the inspection as provided in sections 9 and 10 of any site to which an order under this section applies; and section 14 applies to any such inspection as it applies to inspections under sections 9 to 11.

16.—(1) The local authority may, after giving the holder an opportunity to be heard, revoke a licence for a zoo granted by them under this Act—

(a) if any reasonable requirements relating to the premises or conduct of the zoo notified by them to the holder in consequence of the report of any inspection under this Act are not complied with within such time as is reasonable in the circumstances;

(b) if they are satisfied that the zoo has been conducted in a disorderly manner or so as to cause a nuisance, or in breach of any conditions of the licence;

(c) if the holder (or, where the holder is a body corporate, any director or manager of that body) or any person employed as a keeper in the zoo is convicted of any such offence as is described in subsection (3) of section 4;

(d) if any person who to the knowledge of the holder, has been so convicted is employed as a keeper in the zoo.

(2) Before notifying under paragraph (a) of subsection (1) any requirements which relate in any way to the care and treatment of the animals, the local authority shall consult such members of the list as the Secretary of State may direct.

17.—(1) A person aggrieved by the refusal of an application for a licence, by any condition imposed under section 5(3), by any Appeals.

requirement notified under section 16(1)(a) or by the revocation of a licence may appeal—

- (a) in England and Wales, to a magistrates' court acting for the Petty Sessions area in which the zoo is situated;
- (b) in Scotland, to the Sheriff within whose jurisdiction the zoo is situated.

(2) Any such appeal shall be brought within twenty-one days from the date on which the notice of the relevant decision of the local authority is served on the person desiring to appeal.

(3) The following provisions apply to an appeal to a magistrates' court under this section—

- (a) the procedure on the appeal shall be by way of complaint for an order, and the Magistrates' Courts Act 1980 shall apply to the proceedings;
- (b) any person aggrieved by the decision of the magistrates' court may appeal to the Crown Court.

(4) The decision of the Sheriff of an appeal under this section shall be final.

(5) A licence revoked under section 16 shall be deemed to continue in force until the expiration of the period within which an appeal may be brought under this section and if such an appeal is brought until the determination or abandonment of the appeal; and if the court or sheriff confirm the revocation they may, if they think fit, order that the licence shall be deemed to continue in force for a further period not exceeding six months from the date of the order.

1980 c. 43.

Offences and penalties.

18.—(1) If a zoo is maintained without a licence in contravention of this Act, the proprietor is guilty of an offence.

(2) Any person who—

- (a) ill-treats or causes the ill-treatment of an animal kept in a zoo is guilty of an offence; or
- (b) intentionally or by negligence fails to comply with any condition included in a licence pursuant under subsection (3)(a) or subsection (4) of section 5;

is guilty of an offence.

(3) Any person who intentionally obstructs an inspector acting pursuant to this Act is guilty of an offence.

(4) A person guilty of an offence under this section is liable in summary conviction to a fine not exceeding £500 for an offence under subsection (1) or (2) and £200 for an offence under subsection (3).

(5) In the application of this section to Scotland, for the reference to summary conviction there shall be substituted a reference to conviction in a court of summary jurisdiction.

(6) Where an offence under this section committed by a body corporate is proved to have been committed with the consent or connivance of, or to have been attributed to any neglect on the part of, any director, manager, secretary or any other similar officer of the body corporate, or any person who was purporting to act in any such capacity, he, as well as the body corporate, is guilty of that offence and liable to be proceeded against and punished accordingly.

Supplemental

10 **19.**—(1) A person who immediately before the date of the commencement of this Act was maintaining a zoo on any premises may continue to maintain that zoo on those premises without a licence under this Act—

Transitory provision for existing zoos.

- 15 (a) during the period of six months beginning with that date; and
- (b) if within that period application is made for a licence until that application is finally disposed of or withdrawn.

20 (2) In the case of an application made as mentioned in subsection (1)(b), notice of intention to make the application shall not be required under section 2, but the application shall specify all such particulars as would be required to be included in a notice to the local authority under that section.

25 (3) On any such application the local authority shall carry out an inspection of the zoo in accordance with the provisions of section 9 before deciding whether to grant or refuse the licence, and may, if the licence is granted, include in it any conditions which appear to the authority to be required in consequence of the report of the inspectors.

30 (4) If the licence is granted—

- (a) the inspection required by this section is in lieu of the first inspection under paragraph (a) of subsection (3) of section 9.
- 35 (b) it shall be granted for a period of four years beginning with the date on which the licence is granted.

20. In this Act—

Interpretation.

40 (1) “animals” means animals of the classes Mammalia, Aves, Reptilia, Amphibia, Pisces and Insecta and any other multi cellular organism that is not a plant or a fungus and “wild animals” means animals not normally domesticated in Great Britain;

“circus” means a place where animals are kept or introduced wholly or mainly for the purpose of performing tricks or manoeuvres at that place”;

“keeper” includes any person employed under the directions of a keeper;

“the list” means the list maintained by the Secretary of State under section 8;

“proprietor”, in relation to a zoo, means the occupier of the premises or other person who maintains the zoo;

“taxonomic category” means a group or assemblage of species recognised as an entity in scientific classification;

“zoo” has the meaning assigned by section 1(2). 10

1974 c. 37. (2) Nothing in this Act shall prejudice or affect the operation of any of the relevant statutory provisions as defined in Part I of the Health and Safety at Work etc. Act 1974.

21.—(1) The Dangerous Wild Animals Act 1976 shall be amended as follows— 15

Consequential amendments.
1976 c. 38.

(a) in section 4, for paragraph (1) there shall be substituted “(1) a zoo within the meaning of the Zoo Licensing Act 1981 for which a licence is in force (or is not for the time being required) under that Act”.

(b) in section 6(4) the definition of zoological garden shall be omitted. 20

(2) For the purpose of the said Act an animal shall be treated as kept in a zoo—

(a) when it is kept at another site authorised under section 15 of this Act or being taken to or returned from that site;

(b) when it is elsewhere in the personal possession of the proprietor of the zoo, or of competent persons acting on his behalf.

22.—(1) This Act may be cited as the Zoo Licensing Act 1981. 30

Short title, commencement and extent.

(2) This Act shall come into operation on such day as the Secretary of State may by order made by statutory instrument appoint.

(3) This Act does not extend to Northern Ireland. 35

Zoo Licensing (No. 2)

A
B I L L

To regulate by licence the conduct of zoos.

*Presented by Mr. John Blackburn
supported by
Mr. David Crouch, Miss Janet Fookes,
Mr. Richard Alexander, Mr. James Pawsey,
Mr. Peter Hardy, Mr. Ivor Stanbrook,
Mr. Stephen Ross, Mr. Iain Mills,
Mr. Phillip Whitehead and
Mr. Andrew Bennett*

*Ordered, by The House of Commons,
to be Printed, 14 January 1981*

LONDON
Printed and published by
Her Majesty's Stationery Office
Printed in England at St. Stephen's
Parliamentary Press
£2·10 net

[Bill 28]

(51707)

48/2

ISBN 0 10 302881 1

Gov Mack

Ref. A04143

MR. WHITMORE

The London Zoo

Thank you for your minute of 28th January.

2. I am sorry if I seem to be a bit of a bore about the Zoo. That is not because I live near Regents Park, but because the President of the Zoological Society of London is a part-time adviser to the Cabinet Office.

3. Lord Zuckerman has now addressed me a four-page minute about the precarious state of the finances of the London Zoo. It does not add very much to the first paragraph of my minute of 27th January, but I attach a copy herewith. It was clearly given to me in the hope that I would pass it on to the Prime Minister.

4. I wonder whether the Prime Minister would be prepared to authorise you to send a letter on the lines of the draft attached.

RA

ROBERT ARMSTRONG

30th January, 1981

*I agree with Sir Robert Armstrong's
minute of Mr Channing's letter of 29 January
to Mr Patten, who was no need to
bother the Prime Minister at this stage.*

Mack

30

DRAFT LETTER FROM MR. WHITMORE TO
D.A. EDMONDS, ESQ., PS TO SECRETARY OF
STATE FOR THE ENVIRONMENT

The Prime Minister understands from Lord Zuckerman that the finances of the London Zoo are in a precarious state, with attendances down last year and costs (predominantly labour costs) rising inexorably. I gather that Lord Zuckerman is in touch with your Department about this, and is pursuing the possibility of some financial aid either from the Government or from the GLC.

The Prime Minister would be grateful if you could keep me in touch with your Secretary of State's thinking on this problem. It would clearly be unthinkable for the Zoo to close. We do not want to turn it into a public department or some kind of permanently Exchequer-financed quango. Clearly they will have to put up the entrance charges, though there will be limits to what they can do in this way if attendances are already falling. Is there any means by which money can be found for them via the GLC if not direct from the Exchequer?

I am sending a copy of this letter to David Wright.

To: SIR ROBERT ARMSTRONG

From: LORD ZUCKERMAN

1. I am sending you this minute so that you should know about the precarious state of the finances of the London Zoo.

2. Until a few years ago the Zoological Society of London (of which I am now President) was able to assure HMG that it could go on managing the London Zoo without resort to public funds. As it is, we have managed to scrape along with our running costs; we have also been able to embark on the rebuilding of the 36 acres of Regent's Park which the Zoo occupies and which had been left in a derelict state after the Second World War. With support from private donors we have rebuilt more than half of the Zoo in Regent's Park and have carried out major improvements at Whipsnade (which is also in the care of the Society). With the help of the major Foundations we have also been able to establish major research Institutes.

3. In 1978 our total expenditure was £3.25 million and the balance between total revenue and expenditure + £0.31m. The corresponding figures for 1979 and 1980 were £4.01m and - £0.13m, and £4.7m and - £0.6m respectively. The most depressing feature of these figures is that 1980's big negative swing occurred in spite of a 12 per cent increase in our revenues at Regent's Park, and 25 per cent at Whipsnade. It is the disproportionate rise in costs that has hit us so badly, the major factor being salaries and wages, where we have to abide by public-service wage settlements. When I became the Honorary Secretary in 1955, less than a half of our total expenditure went on the payment of staff. Today the proportion is about three-quarters - with fewer people employed.

4. We operate on what we call an 'expenditure-demand' pricing system. As an educational charity and national institution, there has never been any question of our being in a position to make what, in a commercial context, would be called 'profit', but our aim has always been to break even. But it now seems that we have reached a water-shed. 'Demand' to go to the Zoo may have been 'inelastic' in the days when Londoners did not have cars; when there were few other attractions; when in the words of the Victorian music-hall ditty, "Walking in the Zoo was the OK thing to do"; when there was a snob-value to being a member of the Society (for the first 20 years or so of the Zoo's existence, it was in fact a private garden granted by the Crown for scientific study, but also the pleasure of the aristocracy and for the wealthy who were moving in on them). But all that's over. Attendances at the Zoo by UK residents have gone down as our gate charges have gone up. The number of visitors went down last year by 11 per cent at Regent's Park, although Whipsnade still kept to its existing, but alas, low level. I can see nothing ahead that is going to reverse this trend. The average annual attendances in Regent's Park in the 50's was 1,986,000; in the 60's 1,899,000; in the 70's 1,765,000.

5. To help meet our estimated expenditure for 1981 we shall have to raise the entrance charges as follows (figures in brackets give the present rate):

	<u>Regents Park</u>	<u>Whipsnade</u>
Adults	£ 3.50 (2.75)	£ 2.50 (2.00)
Children	£ 1.50 (1.25)	£ 1.25 (1.00)

Taking into account what people spend getting to the Zoo, and once they are there on food etc., father and mother plus two children might have to spend all of £20 for a visit to the Zoo. Attendances are bound to fall (other perhaps than tourists from abroad, on whom we count a great deal), and the rise in admission charges is therefore likely to be self-defeating, with an even bigger deficit

this, and certainly next, year. The Charity Commissioners have allowed us to raise our borrowing limits at the banks, but heaven alone knows how we are going to meet the interest charges. We cannot reduce our total staff further (now about 475) without neglecting the animals, the public and the educational and scientific activities which we have to undertake in order to justify our existence.

6. I have said that we rely greatly on tourists. The fact is that from that point of view the Zoo is the third of the national attractions, after the Tower of London and Madame Tussauds (disregarding events such as the Changing of the Guard, and, of course, state-supported Museums). The GLC and Tourist Board are much interested in this fact.

7. Unlike other national zoos (e.g. Washington, Paris and Moscow) or the major civic zoos (e.g. Bronx, Rotterdam, Frankfurt), we are not in receipt of any public funds. Only twice so far have we been helped by HMG, and once by the LCC. But all this was on capital account. Some of the major civic zoos, such as the Bronx, receive funds not only from their cities, but also from the central exchequer. We are a national institution, acknowledged as such by Parliament. The Society is, in effect, custodian of that part of Regent's Park which the Zoo occupies rent-free, and we are also responsible for the management of a major national society. More than that, we are regarded world-wide as the premier Zoo, not for any single one of our activities, but for the whole ensemble. This we owe largely to the fact that we are an educational charity directed by a Council and a series of Committees, none of whose distinguished members (over a hundred in all) are paid a penny. If, instead of standing aloof in the 19th century, the then Zoo Council had, like Kew and the Natural History Museum, got onto the public bandwagon, the position today would be different from what it is. But that would have cost the country millions a year.

8. The Society could, of course, give the whole thing up, and just say to the Government and to the GLC - "Take over our 36 acres of Regent's Park, and run it yourself". But, the chances are, that we would then stop being, as at present, a pre-eminent national and international institution, a major centre of education and research, and a leading tourist attraction. The public would, I believe, strongly resent such a change. Neither can I see the Zoo being run on a commercial basis as a 'honky-tonk' in a Royal Park.

9. The Society is prepared to go on. I see no need why HMG should undertake to do much more than help tide us over the bad years we now face. I don't know how much, but I reckon that, in whatever way it can be devised, we could ride out this storm with the help of, say, £500,000 a year for some 3 years.

10. The GLC is much concerned about the position in which we find ourselves, but is hamstrung because of the constraints on public expenditure within which they have to operate. There must be a way out of our present difficulties. The alternative is that we put up our charges straight away and see what happens. But my considered judgment is that by the end of 1981 we would then find ourselves in a situation very much worse than it is today.



S. ZUCKERMAN

29 January 1981
Z/0928



Gov Hach

10 DOWNING STREET

From the Principal Private Secretary

30 January, 1981.

You wrote to Mike Pattison on 29 January about the financial problems of the London Zoo.

I can confirm that Lord Zuckerman has been in touch with Sir Robert Armstrong, who in turn has let the Prime Minister know of Lord Zuckerman's approach.

The Prime Minister knows that your Secretary of State is considering an application from the Zoo for financial help, and as Mike Pattison told you earlier today, she will do nothing until she knows what view Mr. Heseltine takes.

I am sending a copy of this letter to David Wright (Cabinet Office).

VC A. WHITMORE

J.P. Channing, Esq.,
Department of the Environment.

MM



CAW to see

I have told DoE that we have commented to Lord Zuckerman only on Pandas: and that, if approached again, we will not respond without ~~the~~ Mr Herlitz's views.

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

29 January 1981

MAD
20/1

Dear Mike

Lord Zuckerman has recently been in contact with the Department both about the building of a new aviary at London Zoo and the precarious financial position of the Zoo. It seems that the Zoo incurred a deficit in 1980 of about £ $\frac{1}{2}$ million (roughly 12% of operating cost) partly, but by no means exclusively, because of a fall in attendances. We understand that Lord Zuckerman has been in touch with Sir Robert Armstrong with a view to a direct approach to the Prime Minister.

The Secretary of State is urgently considering Lord Zuckerman's approach and the problems of the Zoo. His initial reaction is that this is by no means a straightforward issue and he will be looking to assemble a package of measures which will enable the present deficit to be wiped out but, perhaps more importantly, ensure an operating loss is not incurred in future years. He would therefore urge the Prime Minister to defer action until he has had a chance to consider the position in more detail.

I am copying this letter to PS/Sir Robert Armstrong.

Yours ever

Jeff Channing

J P CHANNING
Private Secretary

ss
Saw Mack

Sir Robert Armstrong

The London Zoo

The Prime Minister read your minute AO4079 of 27 January to me with some interest and amusement.

She has commented that she is not taking a panda with her, - "Pandas and politicians are not happy omens!". She has gone on to say that Lord Zuckerman knows more about pandas than she does, and she is sure that he can arrange these things.

I hope that that gives you enough guidance on how to reply to Lord Zuckerman.

C. A. WHITMORE

KRY

28 January, 1981.

Copy to Mr. Ingham.

1.

Prime Minister.

Ref. A04079

MR WHITMORE

I am not taking a panda with me. Pandas +

Should we have the announcement for shortly before you go to Washington?

Prohibitions are not have ones! The London Zoo

27.

Lord Zuckerman tells me that the London Zoo, of which he is the presiding genius, are undergoing one of their periodic financial crises. Attendances fell off last year, and revenue is therefore down; expenditure (largely labour costs) is up. They face the possibility of having to increase the entry fee from £2.80 (for an adult) to £3.50, unless they can get financial support. Lord Zuckerman says that they need £500,000 a year for three years. Private support has been generously given for development, but is not being easy to come by to finance a revenue deficit. The GLC has been unable to help. An application has now gone to the Department of the Environment, and is being considered by the Secretary of State.

2. The Smithsonian Institution in Washington has asked the London Zoo for the loan of its male panda, to be mated with the female panda which the Chinese people gave to the United States. Both are believed to be fertile, so that there is reason to hope that the outcome will be happier than that of the London Zoo's loan of a panda to Moscow. The London Zoo are minded to agree to lend their panda. Lord Zuckerman sees this as a signal demonstration of the special relationship, and would be very happy to time the announcement of the loan or the delivery of the panda in any way that the Prime Minister thought would be most likely to benefit Anglo-American relations; he even suggested that the Prime Minister might like to take the panda in the back of her Concorde, when she goes to Washington next month.

3. I should be grateful for instructions on how I should reply to Lord Zuckerman.

Lord Z knows more about pandas than I

RA

ROBERT ARMSTRONG

27 January 1981

do - I am sure we can arrange these things. not



10 DOWNING STREET

From the Private Secretary

18 October 1979

I am writing to confirm that the Prime Minister is content with the transfer of responsibility on zoos and associated matters proposed in the Home Secretary's minute of 18 October.

I am sending copies of this letter to David Edmonds (Department of the Environment) and David Laughrin (CSD).

M. A. PATTISON

John Chilcot, Esq.,
Home Office.

CB

Mr Rathbone

Yes



PRIME MINISTER

A minor and logical re-organisation with no financial or manpower implications.

Agree?

MA 18/1

PRIME MINISTER

TRANSFER OF RESPONSIBILITY FOR ZOOS AND ASSOCIATED MATTERS

I am writing to seek your approval to the transfer of Ministerial responsibility for zoos and associated matters to the Secretary of State for the Environment.

The functions in question are responsibility for zoos, including safari parks, and for dangerous wild animals kept in private ownership (in practice work relating to the latter responsibility, which consists largely of licensing, is dealt with by the local authorities).

Michael Heseltine and I feel the transfer would be right because the functions fit more appropriately with D.O.E.'s responsibilities, particularly those relating to the provision of recreational facilities and the protection of endangered species, and with the Department's wide local authority responsibilities. In addition, the activities involved give rise to issues of public health and public nuisance which are of interest to D.O.E. and the local authorities.

The transfer can be effected administratively. The manpower implications are very small and can be accommodated within D.O.E.'s existing complement. The manpower savings promised by the Secretary of State for the Environment would not be affected. No staff would be transferred from the Home Office.

I should be grateful for an early decision, because I understand Michael Heseltine would like to refer to the transfer in a speech he is making on Saturday 20th October to the World Pheasant Association. Provided you are content with the principle of the transfer, I understand his office would clear the relevant passage in the speech with yours.

Michael Heseltine agrees with this minute, and I am sending him a copy. A copy also goes to Sir Ian Bancroft.

hwb
←

18 October 1979

118 OCT 1

