

REPORT TO: Cabinet Member, Leisure and Tourism.
Overview and Scrutiny Committee
(Regeneration and Environmental Services).

DATE: 2 December 2009
5 January 2010

SUBJECT: Revenue and Capital Expenditure Monitoring to
30 September 2009 – Tourism Department

WARDS AFFECTED: All

REPORT OF: Head of Tourism – Tony Corfield
Finance & IS Director – Paul Edwards

CONTACT OFFICERS: David Taylor 0151-934-2317
Kevin McBlain 0151-934-4049

EXEMPT / CONFIDENTIAL: No

PURPOSE / SUMMARY:

To provide the Cabinet Member with the first six months forecast position, based on information as at 30 September 2009, in relation to the Tourism Department's 2009/10 Revenue Budget and Capital Programme.

REASON WHY DECISION REQUIRED:

Cabinet Member accountability and in line with the corporate performance management process.

RECOMMENDATIONS:

That the Cabinet Member Leisure and Tourism:

- a) Notes the progress on the Tourism Department's revenue budgets that are subject to risk-based monitoring, and that the current forecast overspend based upon September figures is £80,000.
- b) Notes the progress made on the Tourism schemes within the portfolio's element of the Council's Capital Programme.
- c) Indicates whether any comments about the overall performance of the Tourism Department's Revenue Budget and schemes within the Capital Programme should be referred to Cabinet and Overview and Scrutiny Committee (Regeneration and Environmental Services).

That Overview and Scrutiny Committee (Regeneration and Environmental Services)

- a) Note the contents of this report and indicates whether any comments about the overall performance of the Tourism Department's Revenue Budget and schemes within the Capital Programme should be referred to Cabinet.

KEY DECISION: No.

FORWARD PLAN: Not appropriate.

IMPLEMENTATION DATE: Following the expiry of the “call-in” period of the Minutes of the meeting.

ALTERNATIVE OPTIONS:

None.

IMPLICATIONS:

Budget / Policy Framework: None.

Financial:

The report is highlighting a forecast overspend of £80,000 on the portfolio. The Department have not been able to contain this within existing budgets.

<u>CAPITAL EXPENDITURE</u>	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Does the External Funding have an expiry date Y/N				When?
How will the service be funded post expiry?				

Legal: Not appropriate.

Risk Assessment: The main risk concerns the failure to identify budget variances through the monitoring process which will make it difficult for the Council to manage its spending within available resources. The adopted risk-based approach to monitoring, together with regular reporting should help manage the risk.

Asset Management: Not appropriate.

CONSULTATION UNDERTAKEN / VIEWS

FD 239 - The Finance and Information Services Director has been consulted and his comments have been incorporated into this report.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

None

1. Background / Issues for consideration

- 1.1 In accordance with Cabinet's overall approved process for monitoring the Council's budgets, each Portfolio is to receive a quarterly report identifying risk-assessed controllable Revenue and Capital budget areas.
- 1.2 This report forms part of that overall monitoring process by advising the Cabinet Member of the progress against this Department's revenue budget risk areas and progress of actual expenditure against the capital programme for the period ending 30 September 2009. Where budget pressures have been identified, Service Directors have reviewed their departmental budgets for compensating savings. Departments have also been asked to consider whether or not all other budgets can be contained within the resources allocated by the Council for 2009/2010.
- 1.3 At the Overview and Scrutiny Committee (Health and Social Care) meeting on 13 October 2009, a request was made to amend the format of the budget monitoring report. This proposal is being put forward to the Overview and Scrutiny Management Board for consideration and any amendments resulting from this will be reflected in future budget monitoring reports.
- 1.4 At the meeting on 9 September, the Cabinet Member Leisure and Tourism made recommendations for support from the budget pressure fund, to meet the forecast overspend of £80,000. Applications from the budget pressure fund were considered at Cabinet on 1 October and the means of accessing this reserve will be considered as part of the Officer led review of existing departmental overspends, and the opportunity to address the overall overspend has been noted by Cabinet.

2. Revenue Budget

- 2.1 Details of this Department's budgets that are monitored and reported on the risk-assessed basis are shown in Annex A.
- 2.2 Members should note that the summary forecast position at the end of September is an overspend of £80,000, caused by a fall in Market Hall rental income. The Department has not been able to identify any further savings opportunities to offset this overspend and therefore recommends a request be made to Cabinet to meet this overspend from the budget pressures fund.
- 2.3 The Head of Tourism comments on the individual budget areas shown in Annex A. Spending had been restricted in the first part of the year pending the Partners for Growth ERDF project, which commenced on 1 July 2009, but expenditure is now picking up in order to maximise the amount of grant available.
Cabinet agreed to the establishment of an Events Reserve in order to manage financial risk in the event of a shortfall in event income generated (eg bad weather); a maximum amount to be held in the reserve of £0.100m was agreed. The reserve currently stands at £0.038m as a result of it having to be

drawn upon last year due to the poor summer. It is understood that the net income from this year's events is expected to considerably exceed the 2009/10 budget; the resultant reserve is likely to exceed the £100k limit. A future report to Cabinet will address this issue.

The previous report predicted a shortfall in the rental income from the Southport Market of £80k and this is still the case at this stage of the year, however, this figure will change as the year progresses.

- 2.4 All other areas of the budget that are controlled by the Head of Tourism will be contained within the resources allocated by the Council for 2009/10 and savings will be identified wherever possible in future reports.

3. Capital Programme

- 3.1 Attached at Annex B is the current Tourism capital programme. This programme takes account of slippage from 2008/09 and any revised requirements for individual schemes. Actual expenditure of £0.191m (col.4) has been achieved in the first six months of the year. This is 22% of the total forecast expenditure for the year of £0.878m (cols. 4 and 5). Forecast expenditure for the remainder of the year is £0.687m (col.5).

- 3.2 Major schemes included within the programme include:-

- a) Floral Hall Improvement Project £7.74m
- b) Southport Market Refurbishment £3.22m
- c) Southport Town Centre Townscape Heritage Initiative £0.9m.

- 3.3 The Head of Tourism comments that

- a) There are still some issues regarding the electricity supplies at the Convention Centre, which are ongoing and further expenditure of £89k may be required. This is additional to the business interruption costs of £355.5k, which have now been agreed.
- b) Progress on the Southport Market refurbishment was held up pending the decision on the temporary re-location of Southport Library. However, construction start date is scheduled for mid 2010.
- c) A number of small projects have been completed over the last 6 months, 23-25 Scarisbrick Avenue remains on site after undergoing difficulties regarding administration. These issues have now been resolved and the scheme should be fully completed by July 2010. The heritage Lottery Fund have extended the THI until October 2010 in order to take this into account, by this time the THI should be complete and fully spent.

4. Recommendations

That the Cabinet Member Leisure and Tourism:

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- b) Notes the progress made on the Tourism schemes within the portfolio's element of the Council's Capital Programme.
- c) Indicates whether any comments about the overall performance of the Tourism Department's Revenue Budget and schemes within the Capital Programme should be referred to Cabinet and Overview and Scrutiny Committee (Regeneration and Environmental Services).

That Overview and Scrutiny Committee (Regeneration and Environmental Services)

- a) Note the contents of this report and indicates whether any comments about the overall performance of the Tourism Department's Revenue Budget and schemes within the Capital Programme should be referred to Cabinet.

Tourism Department - Revenue Budget Risk Areas to 30 September 2009

ANNEX A

Ref	Service	Budget	Full Year Budget £	Budget to Date £	Actual to Date £	Variance to Date £	Forecast Outturn £	Forecast Outturn	Forecast Outturn
								Variance September £	Variance August £
Various		Employees	1,147,000	573,510	558,133	-15,377	1,147,000	0	0
		Repair and Maintenance	98,750	49,376	50,351	975	98,750	0	0
		Marketing	491,600	245,798	119,920	-125,878	491,600	0	0
		Conferences	299,950	149,980	98,293	-51,687	299,950	0	0
		Events	643,000	321,502	159,057	-162,445	643,000	0	0
		Events Income	-546,300	-273,150	-64,203	208,947	-546,300	0	0
		Rents	-371,000	-198,002	-244,657	-46,655	-371,000	0	0
		Visitor Services Income	-57,600	-28,802	-35,351	-6,549	-57,600	0	0
		Southport Market Hall – Rent Income	-370,000	-185,002	-143,018	41,984	-290,000	80,000	80,000

Proportion of budget reported upon	Expenditure £	Income £
Total key areas of budget	2,680,300	-1,344,900
Total Departmental budget	4,024,200	-2,389,900
Percentage of total budget reported upon	66.60%	56.27%

Comments on key areas of budget (including remedial action)

The employee budgets include an over provision following the agreement of the 2009/10 JNC pay award. The budgets have not been altered pending the officer led review of existing overspends and opportunities to address the overall overspend.

Expenditure in the first part of the year has been kept to a minimum pending the start of the Partners for Growth project on 1st July.

Expenditure on Marketing, Conferences and Events will increase and is expected to spend the full year budget in order to draw down the maximum grant.

Income from the Summer Classics and Southport Airshow has not yet been transferred from the Arts centre account, which is reflected in the figures above.

Southport Market – In 2008/09 the amount realised was £329k against a budget of £370k, however, due to the economic downturn and the future refurbishment of the market, the rental income will be considerably less in 2009/10.

- The Department has been given a Corporate savings target of £10,950. This has been incorporated into the budget and the Department will endeavour to achieve these savings throughout the year.

- The Department will request whether the forecast £80k overspend above can be considered for funding from the budget pressures fund.

METROPOLITAN BOROUGH OF SEFTON

ANNEX B

CAPITAL PROGRAMME 2009/10 - 2012/13

TOURISM

1	2	3	4	5	6	7
REF. NO.	PROJECT DESCRIPTION	EXPEND TO 31.3.2009	EXPEND IN 2009/10 TO 31.09.09	FORECAST BALANCE	FUTURE EXPEND	TOTAL COST
		£'000	£'000	£'000	£'000	£'000
<u>Tourism</u>						
1	Southport Pier - Programmed Maintenance	0.00	0.00	50.00	150.00	200.00
2	Southport Pier Repair / Decoration	114.33	12.61	15.13	0.00	132.07
3	Another Place - Relocation of Statues	127.13	94.11	0.76	0.00	222.00
4	Floral Hall Improvement Project	7,688.01	55.49	0.00	0.00	7,743.50
5	Southport TIC Relocation	5.10	0.25	48.75	5.04	59.14
6	Ainsdale Beach Access	0.00	0.00	22.00	0.00	22.00
7	Southport Market Refurbishment	0.00	27.77	182.23	3,012.00	3,222.00
Total Tourism		7,934.57	190.23	308.87	3,167.04	11,600.71
<u>Southport Action Plan</u>						
8	Southport Marine Lake Improvements Zone 1	1,405.99	0.78	13.22	0.00	1,419.99
9	Southport T.C. Townscape Heritage Initiative Southport T.C. T.H.I. - Grants	503.48	0.00	365.21	0.00	868.69
Total Southport Action Plan		1,909.47	0.78	378.43	0.00	2,288.68
Total Tourism Schemes		9,844.04	191.01	687.30	3,167.04	13,889.39