

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

DATE: 24th February 2010
9th March 2010

SUBJECT: Revenue and Capital Expenditure Monitoring
to 31st December 2009 – Leisure Services
Department

WARDS AFFECTED: All

REPORT OF: Leisure Director – Graham Bayliss
Acting Finance & IS Director – Lynton Green

CONTACT OFFICERS: Steve Deakin – 0151 934 2372
Kevin McBlain – 0151 934 4049

EXEMPT / CONFIDENTIAL: No

PURPOSE / SUMMARY:

To provide the Cabinet Member with the first nine months forecast position, based on information as at the 31st December 2009, in relation to the Portfolio's 2009/10 Revenue Budget.

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 Leisure Services Portfolio's revenue budgets that are subject to risk-based monitoring.
- b) The Cabinet Member is asked to indicate whether any comments about the overall performance of this Portfolio's Revenue Budget and schemes within the Capital Programme should be referred to Cabinet.

That Overview and Scrutiny (Regeneration and Environmental Services)

- c) Notes the contents of the report and indicates whether any comments about the overall performance of the Leisure Services Revenue Budget and schemes within the Capital Programme should be referred to Cabinet.

KEY DECISION: No.

FORWARD PLAN: Not appropriate.

IMPLEMENTATION DATE: Not appropriate.

ALTERNATIVE OPTIONS:

None.

IMPLICATIONS:

Budget/Policy Framework: None.

Financial:

The report to the end of December identifies a potential overspend on the Leisure Services budget of circa £190,000 after the application of the use of reserves. This overspend is due mainly to increased utility costs and excludes the potential increased cost for the water run off charge which is not yet finalised.

<u>CAPITAL EXPENDITURE</u>	2009/10	2010/11	2011/12	2012/13
	£	£	£	£
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: Not appropriate.

Asset Management: Not appropriate.

CONSULTATION UNDERTAKEN/VIEWS

FD 323 . The Acting Finance and IS 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

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 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 Portfolio's revenue budget risk areas for the period ending 31st December 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 with the resources allocated by the Council for 2009/10.

2. Revenue Budget

- 2.1 Details of this portfolio's budgets that are monitored and reported on the risk-assessed basis are shown in Annex A.
- 2.2 Comments on potential over/ under spending:

Employees Costs - The Department continues to have concerns about its ability to meet its vacancy management target of £220,850. There has been little movement in terms of staff turnover in the first nine months and this is expected to continue into the rest of 2009/10. The Department will make every effort to meet the target via other means.

Utilities – The Department is projecting an overspend on all utility costs of circa £470,000, which is slightly higher than previously reported, due in the main to the cold spell of weather in December/January. The Council have provided £115,050 for price inflation for 2009/10, therefore the projected net increase in costs is circa £355,000.

National Non Domestic Rates - A number of leisure properties have been reassessed for NNDR, which has resulted in an increase in business rates payable from 2009/10. The increase in costs total £168,115 for which there is currently no provision. However, a number of NNDR appeals for library buildings and a leisure centre have now been successfully concluded, and a rate rebate (windfall income) of £216,283 came into the Department (December 09) for 2009/10 only. However, the Cabinet Member will be aware that two new facilities have been added to the Department's portfolio, Crosby Lakeside Adventure Centre, and The Meadows. In the case of Meadows this is a replacement for Deyes Lane Pool and is a much larger facility. We are still awaiting the rate assessments for these two buildings. The Rate rebates will offset the overspend on NNDR and assist in meeting some of the costs for the two new centres.

Spending Freeze – The Council introduced a spending freeze in May to mitigate against some of the increased costs being incurred. As a result only essential, externally funded or health and safety related expenditure is being undertaken. This should result in an underspend on most budgets, to help offset any overspends in other areas.

Arts and Cultural Services Income – both income and expenditure have reduced in the Arts following the closure of Southport Arts Centre, the net effect of this should now be that Arts do not exceed their budget for 2009/10.

Other Budget Adjustments

To balance the budget, The Cabinet at its meeting on 25th November 2009 made a number of one – off decisions on the use of reserves held by Leisure Services, and agreed the following:-

Sports Services	Reduce Pool Sinking Fund Reserve by £100,000
Golf Course	Reduce Golf Income Reserve by £20,000
Libraries	Reduce New Income Initiatives Reserve by £20,000
Leisure (general)	Apply the Leisure Charging Policy Reserve of £11,000

- 2.3 Every effort will be made to ensure that the Leisure Services budget is contained within the budget allocated for 2009/10. However, there are significant pressures on the budget with the net effect of the issues identified above, following the application of some of the Department's reserves, is a projected overspend of circa £190,000.

Any additional budget pressures that arise during the year will be brought to the attention of the Cabinet Member at the appropriate time.

3. Capital Programme

- 3.1 Attached at Annex B is the current Leisure Services capital programme. This programme takes account of slippage from 2008/09 and any revised requirements for individual schemes. Actual expenditure of £6.186m (col.4) has been achieved in the first nine months of the year. This is 62% of the total forecast expenditure for the year of £10.023m (cols. 4 and 5). Forecast expenditure for the remainder of the year is £3.837m (col.5).

- 3.2 Major schemes included within the programme include:-
1. Southport Cultural Centre £15.3m
 2. Southport Leisure Pool Visitor Attraction £9.13m
 3. Maghull Leisure Centre £8.35m
 4. Netherton Activity Centre £5.6m
 5. Hesketh Park Restoration £2.24m
 6. Flue Gas Filtration Work at Southport Crematorium £1m

3.3 Progress on the Major Capital Schemes, as listed above:-

1. Planning permission was approved for the Cultural Centre in January 2010, and Listed Building Consent is now being sort from GONW. Once approved it is hoped to have a contractor on site by April/May 2010.
2. This is the retention payment due to the contractor following the expiry of the defects liability period.
3. The new facility at Maghull (The Meadows), opened to the public on 1st December 2009.
4. The designs for the development of this new facility have been finalised and a planning application has been submitted, that the Planning Committee will consider in February 2010.
5. This is the retention payment due to the contractor following the expiry of the defects liability period.
6. The contract commenced in October 2009 and is currently operating to the programmed timescales.

4. Recommendations

That the Cabinet Member Leisure and Tourism:

- a) Notes the progress on the Leisure Services Portfolio's revenue budgets that are subject to risk-based monitoring.
- b) The Cabinet Member is asked to indicate whether any comments about the overall performance of this Portfolio's Revenue Budget and schemes within the Capital Programme should be referred to Cabinet.

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Leisure Services Department Revenue Budget Risk Areas to 31st December 2009

ANNEX A

Ref	Service	Budget	Full Year Budget £000	Budget to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Forecast Outturn Variance Dec £000
	Expenditure							
	All Department	Employee Costs	10,477,000	7,621,313	7,507,798	-113,515	10,526,400	49,400
	All Department	Repair & Maintenance	1,141,850	848,883	511,893	-336,990	965,500	-176,350
	Sports Services	Crosby PFI Unitary Charge	1,087,400	815,550	640,506	-175,044	1,087,400	0
	All Department	Electricity, Gas and Water	1,182,500	801,363	1,173,514	372,151	1,650,500	468,000
	Income							
	Sports Services	All income	-2,628,000	-1,780,500	-1,573,101	207,399	-2,628,000	0
	Parks	All income	-213,800	-160,362	-148,679	11,683	-213,800	0
	Golf Course	All income	-335,800	-251,862	-314,169	-62,307	-335,800	0
	Cems & Crems	All income	-1,820,900	-1,365,681	-1,214,942	150,739	-1,820,900	0
	Arts & Culture	All income	-501,300	-375,987	-303,864	72,123	-501,300	0
	Items agreed at	Cabinet 25/11/2009						
	Sports Services	Formby Pool Sinking Fund	0	0	0	0	-100,000	-100,000
	Golf Course	Golf Income Reserve	0	0	0	0	-20,000	-20,000
		Leisure Charging Policy	0	0	0	0	-11,000	-11,000
	Libraries	New Income Initiatives	0	0	0	0	-20,000	-20,000
	Total						8,579,000	190,050

Proportion of budget reported upon	Expenditure £'000	Income £'000
Total key areas of budget	13,888,750	-5,499,800
Total Departmental budget	28,228,950	-10,489,750
Percentage of total budget reported	49.20%	52.43%

Comments on Key Budget Areas (Including remedial action):

Employee Costs – The Department will this year struggle to meet its vacancy target of £220,850. There has been little movement in terms of staff turnover and this is expected to continue into 2009/10. The Department will make every effort to meet the budget for employees. The employee budgets include an over provision following the agreement of the 2009/10 JNC award. This is expected to result in additional resources (£44,350) being available to support the projected departmental overspend.

Repair and Maintenance – As a result of the spending freeze only essential repairs are being carried out. This is expected to result in an underspend of £176,000.

Utilities –In relation to water costs the water authority has imposed a new “run off” charge, which is likely to be a significant figure for Leisure. However, bills are still being received and will be challenged so the likely impact will be subject to further investigation. A provisional overspend of £130,000 has been assumed for this in the above figures.

Sports Centre Income – The sports centres had a very good first six months of the year with income higher than anticipated, as the year has progressed this trend has not continued however, income is only marginally behind target, as a result it is forecast that the income target will be met.

Cemeteries and Crematoria Income – The national fall in death rate is having an effect on the ability of the service to meet its income targets. This is entirely uncontrollable as the service is entirely demand led. At this stage of the year income is 4% down on forecast.

Arts and Cultural Services Income – Following the closure of Southport Arts Centre for redevelopment, income will be down, however this is offset by reductions in expenditure.

Crosby PFI Unitary Charge – As part of the national PFI arrangements independent auditors must undertake a five year performance review. Auditors have been appointed and the review was concluded by the end of August 2009, and discussions are now taking place on the outcome of the benchmarking exercise. Any revision to the unitary charge will take effect from 1st February 2010 to 31st January 2015. As soon as these discussions are completed a report will be brought back to the Cabinet Member.

Items agreed at Cabinet Meeting 25/11/09

A Departmental budget review of provisions, reserves and other budget headings identified that the above resources could be

released to support the overall Council budget.

Corporate savings of £58,400 contribute further pressure to the budget and as yet have not been identified within the detailed Departmental budget. These savings will need to be considered within the light of the overall budgetary pressures on the Department. Every effort will be made to mitigate the effect of the above pressures but this may mean that this can only be achieved with significant reductions in service provision. For this reason options to deal with the budget pressures will be presented in future budget monitoring reports.

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

ANNEX B

LEISURE SERVICES

1	2	3	4	5	6	7
REF. NO.	PROJECT DESCRIPTION	EXPEND	EXPEND IN 2009/10		FUTURE EXPEND	TOTAL COST
		TO 31.3.2009	TO 31.12.09	FORECAST BALANCE		
		£'000	£'000	£'000	£'000	£'000
<u>Leisure - General</u>						
1	Old and Completing Schemes	3,374.41	7.46	8.83	64.62	3,455.32
2	Hesketh Park	2,086.07	9.70	143.28	0.00	2,239.05
3	Maghull Leisure Facility	29.63	0.00	44.28	0.00	73.91
4	Maghull Leisure Centre	2,652.84	4,991.23	552.02	150.00	8,346.09
5	Southport Leisure Pool Visitor Attraction	9,002.27	3.57	129.16	0.00	9,135.00
6	Derby Park Refurbishment	874.77	2.99	51.89	0.00	929.65
7	Roof repairs to Libraries	13.64	33.01	0.35	0.00	47.00
8	Repairs / refurbishment of park lodges	0.00	37.37	37.63	50.00	125.00
9	Hesketh Park Office / Visitor Centre	0.00	0.00	0.00	50.00	50.00
10	Crosby Coastal Park	0.00	0.00	226.88	0.00	226.88
11	Waterloo Judo Club	524.67	16.54	12.44	0.00	553.65
12	Netherton Activity Centre	176.21	78.09	96.70	5,249.00	5,600.00
13	Southport Sports Park Contribution	0.00	0.00	382.00	0.00	382.00
14	Botanic Gardens Museum, Roof and Lift	0.00	0.00	375.00	0.00	375.00
15	Flue Gas Filtration Work at Southport Crematorium	3.00	140.25	856.53	0.00	999.78
16	Southport Cultural Centre	0.00	746.18	694.82	13,859.00	15,300.00
17	Free Swimming Initiative	43.30	18.74	22.03	0.00	84.07
18	Duke Street Play Area, Formby	0.00	76.50	14.00	0.00	90.50
19	Sculpture at Shore Rd Traffic Island	0.00	14.36	0.64	0.00	15.00

1	2	3	4	5	6	7
REF.	PROJECT	EXPEND	EXPEND IN 2009/10		FUTURE	TOTAL
		TO	TO	FORECAST		

NO.	DESCRIPTION	31.3.2009	31.12.09	BALANCE	EXPEND	COST
		£'000	£'000	£'000	£'000	£'000
20	Browns Lane Allotments	0.00	9.64	40.36	0.00	50.00
21	Bootle Cemetery Improvements	0.00	0.00	70.00	0.00	70.00
22	Portland Street Changing Facilities	0.00	0.00	79.00	350.50	429.50
Total Leisure Services		18,780.81	6,185.63	3,837.84	19,773.12	48,577.40