

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

DATE: 24 February 2010
9 March 2010

SUBJECT: Revenue and Capital Expenditure Monitoring to
31 December 2009 – Tourism Department

WARDS AFFECTED: None directly affected

REPORT OF: Head of Tourism – Tony Corfield
Acting Finance & IS Director – Lynton Green

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 nine months forecast position, based on information as at 31 December 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.
- 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: Not appropriate.

ALTERNATIVE OPTIONS:

None.

IMPLICATIONS:

Budget / Policy Framework: None.

Financial:

The report is highlighting a forecast underspend of £32,000 for the Department.

<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 316. 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 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 31 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 within the resources allocated by the Council for 2009/2010.

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 December for the Market is an overspend of £126,200, caused by a fall in rental income. Following a review of Provisions and Reserves the Department were able to release a reserve valued at £27,000, which was agreed at Cabinet on 25 November 2009. It is included in the M1 shown at annex A to help reduce the Department's overspend.
- 2.3 The Head of Tourism comments on the individual budget areas shown in Annex A. The corporate saving target of £10,950 will be achieved from the employee budget, which is predicted to achieve a saving of £24,500. The reduction in Event expenditure and increased income should result in a net underspend of £106,700. This figure could increase depending on the outcome of the claim against the Insurance, due to the cancellation of the Sunday evening displays at the British Musical Firework event. Cabinet have previously 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. Subject to the Council's overall outturn position for 2009/10, the Tourism events section would like to increase the reserve back to £0.100m from the event underspend mentioned above. The figures at annex A show that income from the Southport Market will be underachieved by £126,200, however, this is likely to increase further due to the falling number of stallholders. It is hoped that this shortfall will be offset by other departmental savings.

- 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 £0.309m (col.4) has been achieved in the first nine months of the year. This is 35% of the total forecast expenditure for the year of £0.884m (cols. 4 and 5). Forecast expenditure for the remainder of the year is £0.575m (col.5).

- 3.2 Major schemes included within the programme include:-

- a) Floral Hall Improvement Project £8.176m
- b) Southport Market Refurbishment £3.22m
- c) Southport Town Centre Townscape Heritage Initiative £1.4m.

- 3.3 The Head of Tourism comments that

- a) The issues regarding the electricity supplies at the Convention Centre, as reported in the previous report, are still ongoing and further expenditure of £100k may be required.
- b) Progress on the Southport Market refurbishment is being developed in partnership with the stallholders and Quarterbridge market consultants, with a construction start date on schedule for mid 2010.

4. 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.
- 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 31 December 2009

ANNEX A

Ref	Budget	Full Year Budget	Budget to Date	Actual to Date	Variance to Date	Forecast Outturn	Forecast Outturn Variance December	Forecast Outturn Variance November
		£	£	£	£	£	£	£
Various	Employees	1,179,200	884,400	842,570	-41,830	1,154,700	-24,500	-24,500
	Repair and Maintenance	98,750	74,064	67,765	-6,299	98,750	0	0
	Marketing	491,600	368,697	234,750	-133,947	491,600	0	0
	Conferences	299,950	224,970	163,024	-61,946	299,950	0	0
	Events	643,000	482,253	525,814	43,561	590,000	-53,000	-53,000
	Events Income	-546,300	-409,725	-538,269	-128,544	-600,000	-53,700	-53,700
	Rents	-371,000	-297,003	-314,924	-17,921	-371,000	0	0
	Visitor Services Income	-57,600	-43,203	-36,385	6,818	-57,600	0	0
	Southport Market Hall – Rent Income	-370,000	-277,503	-195,699	81,804	-243,800	126,200	116,900
	Item agreed at Cabinet 25/11/09							
	Tourism Underspend Reserve	0	0	0	0	0	-27,000	-27,000
	Totals	1,367,600	1,006,950	748,646	-258,304	1,362,600	-32,000	-41,300

Proportion of budget reported upon	Expenditure £	Income £
Total key areas of budget	2,712,500	-1,344,900
Total Departmental budget	4,024,200	-2,389,900
Percentage of total budget reported upon	67.40%	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 impact of this overprovision, linked With the freeze on the filling of vacant posts is expected to result in a year end under-spend of £24,500.

Repair and Maintenance expenditure has been restricted to Health and Safety matters only. There may be an underspend but it is not possible to identify an amount at this stage.

Income from the BMFC has not yet been finalised due to the Sunday evening display being cancelled and refunds are still being dealt with. A claim against the insurance has been submitted and the outcome is awaited. A request has been made that any surplus income from Events should be used to improve the infrastructure for Events and top up the reserve account.

The Partners for Growth Project has now commenced and expenditure will increase to maximise the grant available. Two claims have been made to date.

Southport Market – The budget set for rental income is unlikely to be achieved due to a fall in the number of stalls being rented. In 2008/09 the amount of market rent realised was £329k against a budget of £370k, however, due to the economic downturn and the future refurbishment of the market, the number of stallholders has reduced considerably. Based on the current number of stallholders the rental income is expected to be £243,800 resulting in a shortfall of income of £126,200 against the budget. This figure is likely to increase.

The Department has been given a Corporate savings target of £10,950. This has been incorporated into the budget and the Department will achieve these savings from the underspend on Employee costs.

METROPOLITAN BOROUGH OF SEFTON

ANNEX B

CAPITAL PROGRAMME 2009/10 - 2012/13TOURISM

1	2	3	4	5	6	7
REF. NO.	PROJECT DESCRIPTION	EXPEND TO 31.3.2009	EXPEND TO 31.12.09	EXPEND IN 2009/10 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	5.13	0.00	132.07
3	Another Place - Relocation of Statues	127.13	94.11	-0.18	0.00	222.00
4	Floral Hall Improvement Project	7,688.01	59.16	428.94	0.00	8,176.11
5	Southport TIC Relocation	5.10	0.25	0	53.79	59.14
6	Ainsdale Beach Access	0.00	0.00	22.00	0.00	22.00
7	Southport Market Refurbishment	0.00	141.47	68.53	3,012.00	3,222.00
Total Tourism		7,934.57	308.54	574.42	3,215.79	12,033.32
<u>Southport Action Plan</u>						
8	Southport Marine Lake Improvements Zone 1	1,405.99	0.78	0.00	13.22	1,419.99
Total Southport Action Plan		1,405.99	0.78	0.00	13.22	1419.99
Total Tourism Schemes		9,340.56	309.32	574.42	3,229.01	13,453.31