

Blackpool Council – Strategic Leisure Assets

Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2018/19 (UNDER)/OVER SPEND B/FWD £000
	2019/20					
	ADJUSTED CASH LIMITED BUDGET £000	EXPENDITURE APR - JAN £000	PROJECTED SPEND £000	FORECAST OUTTURN £000	F/CAST FULL YEAR VAR. (UNDER) / OVER £000	
STRATEGIC LEISURE ASSETS						
NET EXPENDITURE						
STRATEGIC LEISURE ASSETS	368	4,760	(352)	4,408	4,040	-
TOTALS	368	4,760	(352)	4,408	4,040	-

Commentary on the key issues:

Directorate Summary - basis

The Revenue summary (above) lists the outturn projection for the Service against its respective, currently approved, revenue budget. The forecast outturn is based upon actual financial performance for the first 10 months of 2019/20 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year, all of which have been agreed with the head of service.

Key Issues

The Leisure Asset portfolio projected outturn for 2019/20 is now £4,040k overspend, taking the forecast cumulative deficit as at 2019/20 year-end to £12,611k. This incorporates the increased debt financing costs associated with essential Tower steel structure renewal and the Conference Centre, accelerated repair work at the Tower including the Tower illuminations and other unplanned maintenance, together with increased marketing and insurance costs and revised income profile including an expected reduction across the portfolio.

The Leisure Assets portfolio projected financial outturn position has deteriorated during the period by £1.1m. A number of factors have contributed to the revised position, which include:

- The loss of a major, Chinese May Dance Festival sponsorship income stream at the Winter Gardens, which affects 2018/19 results written off in the current financial year, and a loss of anticipated revenue in financial year 2019/20. The total impact associated with this loss of income is £1.1m however, a proportion of this had previously been taken into account in the current financial year forecasts. A review of risk associated with transactions of this nature is currently taking place with the Board of Directors and management team of the Winter Gardens operating company, and although the full bearing of this issue is accounted for within the current projection, efforts to recover the position are ongoing.

- Blackpool Tower and Madame Tussauds continue to perform well however, there have been some essential repairs and maintenance required in the period which have a direct cost impact in addition to lost patronage, as a result of asset down time. This work includes essential repairs to the Tower lift steel infrastructure which forms part of an ongoing programme of steel work, and in addition, crucial works to the Tower Ballroom ceiling were required to be undertaken in order to safeguard the Grade I Listed structure.
- Blackpool Tower lift operation has also been hampered by excessive and prolonged wind speeds throughout the year which has also had a financial impact in the form of lost revenue.
- A one-off restructuring cost at Blackpool Tower is also taken into account in the current projected outturn. It is anticipated this will have a positive financial impact in future periods.
- The new development at the Tower, "Fifth Floor", in the area previously known as Jungle Jim opened ahead of schedule and provided a positive contribution to financial performance.

In addition to the above, a restructure of Golden Mile rental income, required as part of the impending Blackpool Central development, has resulted in a reduction in achievable rents and this is also reflected in the currently forecast outturn position.

In light of the performance deterioration in the current financial year, the Leisure Assets medium-term financial plan is under continuous review.

In accordance with the original decision for this programme by the Executive on 7th February 2011, the projected overspend on Strategic Leisure Assets will be carried forward and transferred to Earmarked Reserves.

Budget Holder – Mr A Cavill, Director of Communications & Regeneration